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GLOBALIZATION AND ITS EFFECTS ON SME PERFORMANCE: EVIDENCE FROM UZBEKISTAN

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Abstract. *This article examines the multifaceted impact of globalization on the activities of small and medium-sized enterprises (SMEs) in Uzbekistan. In the course of a qualitative analytical study, secondary data from international organizations, government sources and scientific literature were analyzed. The results show that globalization has created significant opportunities for SME growth, especially through increased trade and the transition to digital technologies. However, structural problems such as limited access to finance, low innovation potential and institutional barriers continue to hinder their competitiveness in the global market. Based on the theory of internationalization, resource-based approach and institutional theory, the article concludes with recommendations on targeted policies aimed at increasing the sustainability of SMEs and their integration into global markets.*

Keywords: *Globalization, SMEs, Uzbekistan, Export, Innovation, Economic Reform, Institutional Support*

GLOBALLASHUV VA UNING KICHIK VA O'RTA BIZNESLAR FAOLIYATIGA TA'SIRI: O'ZBEKISTON DALILLARI

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Annotatsiya. *Ushbu maqolada globallashuvning O'zbekistondagi kichik va O'rta biznes faoliyatiga ko'p qirrali ta'siri ko'rib chiqilgan. Sifatli tahliliy tadqiqot davomida xalqaro tashkilotlar, hukumat manbalari va ilmiy adabiyotlardan olingan*

ikkilamchi ma'lumotlar tahlil qilindi. Natijalar shuni ko'rsatadiki, globallashuv ko'b o'sishi uchun, ayniqsa savdo hajmining oshishi va raqamli texnologiyalarga o'tish orqali katta imkoniyatlar yaratdi. Biroq, moliyalashtirishning cheklanganligi, past innovatsion salohiyat va institutsional to'siqlar kabi tarkibiy muammolar ularning jahon bozorida raqobatbardoshligiga to'sqinlik qilmoqda. Xalqarolashtirish nazariyasi, resurslarga asoslangan yondashuv va institutsional nazariyaga asoslanib, maqola ko'kdan barqarorlikni oshirish va ularning jahon bozorlariga integratsiyalashuviga qaratilgan maqsadli siyosat bo'yicha tavsiyalar bilan yakunlanadi.

Kalit So'zlar: *Globallashuv, Kichik va o'rta biznes, O'zbekiston, Eksport, Innovatsiyalar, Iqtisodiy Islohotlar, Institutsional Qo'llab-Quvvatlash*

ГЛОБАЛИЗАЦИЯ И ЕЕ ВЛИЯНИЕ НА ДЕЯТЕЛЬНОСТЬ МАЛОГО И СРЕДНЕГО БИЗНЕСА: ОПЫТ УЗБЕКИСТАНА

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Аннотация. *В данной статье рассматривается многогранное влияние глобализации на деятельность малых и средних предприятий (МСБ) в Узбекистане. В ходе качественного аналитического исследования были проанализированы вторичные данные международных организаций, правительственных источников и научной литературы. Результаты показывают, что глобализация создала значительные возможности для роста малого и среднего бизнеса, особенно за счет расширения торговли и перехода к цифровым технологиям. Однако структурные проблемы, такие как ограниченный доступ к финансированию, низкий инновационный потенциал и институциональные барьеры, по-прежнему препятствуют их конкурентоспособности на мировом рынке. Основываясь на теории интернационализации, ресурсно-ориентированном подходе и институциональной теории, статья завершается рекомендациями по целенаправленной политике, направленной на повышение устойчивости малых и средних предприятий и их интеграцию в глобальные рынки.*

Ключевые слова: *Глобализация, малые и средние предприятия, Узбекистан, Экспорт, инновации, экономические реформы, Институциональная поддержка.*

1. Introduction

Globalization is one of the most important factors that have changed the business world in the 21st century. There is a lot of talk now about how it affects large multinational companies, but not much talk about how it affects small and medium-sized businesses (SMEs), especially in developing countries such as Uzbekistan. As Uzbekistan makes its economy more open to trade, modernizes its infrastructure, and implements other changes, globalization is becoming increasingly important for small and medium-sized businesses.

This article examines how globalization has changed small and medium-sized businesses (SMEs) in Uzbekistan, using the example of how their economic contribution, export behavior, access to finance, and institutional support have changed. The study uses secondary data sources such as government reports, international databases, and peer-reviewed literature, as it is difficult to collect primary data. The goal is to provide evidence-based information and policy proposals to small and medium-sized enterprises in a globalized economy that will help them be better prepared and stronger.

2. Literature Review

Many studies have been conducted on how globalization affects small and medium-sized enterprises (SMEs), especially in developing countries and countries with economies in transition. The OECD report (2020) states that globalization facilitates the cross-border movement of goods, services, technology, and capital. This gives small and medium-sized businesses access to new markets, better resources, and new ways of doing business. But small and medium-sized enterprises often face structural challenges, such as a lack of money, infrastructure, and skilled workers, which prevents them from taking full advantage of globalization (Knight & Liesch, 2016).

Globalization has changed economic policies and contributed to the growth of the private sector in post-Soviet countries such as Uzbekistan. Estrin and Preveser (2011) note that small and medium-sized businesses in transition economies often face difficulties due to strict regulation and lack of support institutions. But policies encouraging free trade and integration into the global economy have made modernization and export growth possible (World Bank, 2020).

The Government of Uzbekistan has introduced strategic changes, such as the "Strategy of Action on five priority areas of development (2017-2021)", to increase the competitiveness of the private sector and reduce bureaucratic red tape. Changes in money exchange methods, customs procedures, and business registration have all helped Uzbekistan rise in the Doing Business Index (World Bank, 2020).

Although the situation is improving, there are not many empirical studies directly examining the impact of globalization on small and medium-sized businesses in Uzbekistan. The experience of countries such as Kazakhstan and Vietnam shows that successful globalization of small and medium-sized enterprises (SMEs) depends on targeted institutional support, access to capital and digital infrastructure. This indicates an insufficient number of studies on performance indicators typical of Uzbekistan in the context of a globalized economy.

3. Theoretical Framework

This research is based on three theoretical foundations:

- Internationalization Theory – explains how firms expand beyond domestic markets through exports, joint ventures, or digital platforms (Johanson & Vahlne, 2009).
- Resource-based Approach (RBV) – focuses on how firms use internal resources such as skills, networks, and innovation to
- Institutional Theory – Examines how the external legal, political, and regulatory environment shapes organizational behavior and strategic decisions (North, 1990).

This framework serves as a basis for analyzing the interaction of small and medium-sized businesses with globalization in Uzbekistan.

4. Methodology

This study uses a qualitative methodology based on risk assessment, which is based solely on secondary data due to the lack of primary field work. The data sources are:

- Reports from the World Bank, IMF, ADB, ITC and OECD
- Official statistics of Uzbekistan and presidential decrees
- Peer-reviewed literature
- Strategic documents such as the Strategy of Innovative Development of Uzbekistan (2019-2021)

A thematic analysis was conducted to summarize the results by indicators such as contribution to development, export trends, level of innovation, and institutional reforms.

5. Findings and Analysis

5.1. SME Contribution to Economy

Year	% of GDP by SMEs	% of Employment Rate
2015	52.0%	73.5%
2018	54.3%	75.1%
2020	55.9%	76.3%
2023	56.5%	77.4%

Source: State Committee of the Republic of Uzbekistan on Statistics (2023)

Small and medium-sized enterprises form the backbone of Uzbekistan's economy, accounting for more than half of GDP and more than three quarters of employment.

5.2. Global Integration and Export Growth

According to ITC data for 2023, the share of small and medium-sized enterprises involved in export activities increased from 13% in 2016 to 19% in 2022. The largest growth in exports was observed in agriculture, the textile industry and the field of ICT services. This expansion was supported by reforms in customs and foreign trade policy.

5.3. Institutional Support and Challenges

Government initiatives, such as the launch of the Single Window customs system and the creation of a Small Business Development Agency, have improved the infrastructure of small and medium-sized businesses. However, problems persist:

- Limited access to affordable financing
- Low potential for innovation, research and development
- Differences between urban and rural SMEs
- Bureaucratic and informal barriers

6. Discussion

The data obtained indicate that globalization has had a positive impact on the development of small and medium-sized businesses, but progress is uneven. SMEs that can use digital tools, establish global partnerships, or access export channels perform better than those in isolated regions or the informal sector.

The **Internationalization Theory** is supported by trends in export participation. However, many firms face barriers to market entry due to language, standards compliance, and market access.

A **Resource-Based View** shows that resource-rich small and medium-sized enterprises (with technology, skilled personnel, or innovative networks) are better equipped to benefit from globalization.

From the point of view of **Institutional Theory**, despite the implementation of official reforms, inconsistent law enforcement, regional inequality and the complexity of administrative management continue to hinder the growth of small and medium-sized businesses.

7. Conclusion and Recommendations

Globalization opens up strategic opportunities for small and medium-sized businesses in Uzbekistan, but in order to realize all its advantages, it is necessary to eliminate existing problems. The following recommendations are offered:

- Increased export readiness – support for trade missions, product certification, and training for exporters.
- Improving access to finance – developing SME-oriented credit lines and expanding microfinance institutions.
- Strengthening innovation potential – providing grants for research and development, creating incubators and cooperation between universities and SMEs.
- Bridge the gap between urban and rural areas by expanding the infrastructure and centers of small and medium–sized businesses in regions with insufficient service levels.
- Improve the quality of the institutional environment by ensuring policy coherence, transparency and simplification of administrative management.

Future research should include company-level surveys and the study of globalization strategies in specific sectors.

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