

Article

Mechanisms for Enhancing the International Competitiveness of Small Businesses

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Abstract: Small businesses play an important role in export diversification, employment creation, innovation, and economic growth. However, competing in international markets requires more than competitive prices. Firms must also meet international quality standards, develop recognizable brands, adopt digital technologies, secure export financing, and establish reliable logistics and distribution channels. This article examines the export performance of small businesses in Uzbekistan and identifies mechanisms for strengthening their international competitiveness. Official statistical indicators for 2019–2025 are analyzed using descriptive and comparative methods. The findings highlight the growth of small-business exports in recent years and the need to combine financial support with technological upgrading, certification, digital marketing, and market diversification.

Keywords: Small business, international competitiveness, export development, Uzbekistan, digitalization, quality standards, export financing, international markets.

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1. Introduction

Small businesses contribute to economic diversification by creating employment, developing new products, and enabling firms to respond flexibly to changing consumer demand. Participation in international markets can help these enterprises expand production, improve productivity, and reduce their dependence on domestic demand. Nevertheless, small firms often face barriers related to financing, logistics costs, market information, certification, and limited international business experience.

According to Uzbekistan's National Statistics Committee, the share of small businesses in the country's total exports of goods, works, and services increased from 27.0% in 2019 to 36.6% in 2025. The recorded export volume of small businesses reached approximately USD 12.38 billion in 2025 [1], [2]. These indicators demonstrate the growing importance of small enterprises in export activity, while also highlighting the need to strengthen their ability to compete sustainably in international markets.

The purpose of this article is to identify practical mechanisms for enhancing the international competitiveness of small businesses in Uzbekistan and to examine recent export trends using official statistical data.

International competitiveness is commonly associated with productivity, product quality, innovation, cost efficiency, and the ability to respond to market requirements. The World Bank emphasizes that international trade can promote specialization, productivity growth, access to better intermediate inputs, and the transfer of knowledge and technology. However, businesses need an enabling environment, efficient border procedures, and accessible trade infrastructure to benefit from international markets [3].

For small and medium-sized enterprises, competitiveness also depends on access to finance, market information, supplier networks, and quality infrastructure. The World Bank's operational guidance on SME support highlights export development, supplier development, international standards compliance, and access to finance as important areas for intervention [4].

In the context of Uzbekistan, improving small-business competitiveness requires coordinated action by enterprises, financial institutions, export-support organizations, and public authorities. In the author's view, support should focus not only on increasing export volumes but also on improving the technological sophistication, value added, reliability, and market diversification of exported products.

2. Materials and Methods

The study uses descriptive statistical analysis, comparative assessment, and synthesis of international policy approaches. Official data from Uzbekistan's National Statistics Committee are used to examine small-business export volumes and their share in total exports during 2019–2025 [1; 2]. The time-series analysis identifies changes in export performance, while the comparative approach is used to formulate mechanisms that address the main barriers to international competitiveness.

The analysis is descriptive rather than causal. Changes in export volume and market share cannot, by themselves, establish that a particular policy or competitiveness mechanism caused export growth. The recommendations are therefore developed by combining observed statistical trends with established approaches to trade facilitation, export development, and SME support.

3. Result

Table 1. Export volume and share of small businesses in Uzbekistan's total exports, 2019–2025

Year	Small-business exports (USD billion)	Share in total exports (%)
2019	4.71	27.0
2020	3.10	20.5
2021	3.34	20.0
2022	6.16	31.2
2023	6.94	27.9
2024	9.30	34.1
2025	12.38	36.6

Source: Author's calculations based on the National Statistics Committee's SIAT datasets on small-business export volume and share in total exports [1; 2]. Export values are converted from million to billion US dollars and rounded to two decimal places.

The table shows that small-business exports increased from approximately USD 4.71 billion in 2019 to USD 12.38 billion in 2025. This represents an increase of about 163% over the period. The trajectory was not entirely uniform: export volume declined in 2020, recovered in 2021, and increased substantially in 2022 and subsequent years. The export share also fluctuated, before reaching 36.6% in 2025.

These trends indicate that small businesses have become more significant participants in Uzbekistan's export activity. Nevertheless, higher export volume does not automatically mean that all small firms have become more competitive. Sustainable competitiveness should also be assessed through indicators such as export value added, product diversification, entry into new markets, repeat orders, productivity, and compliance with international standards.

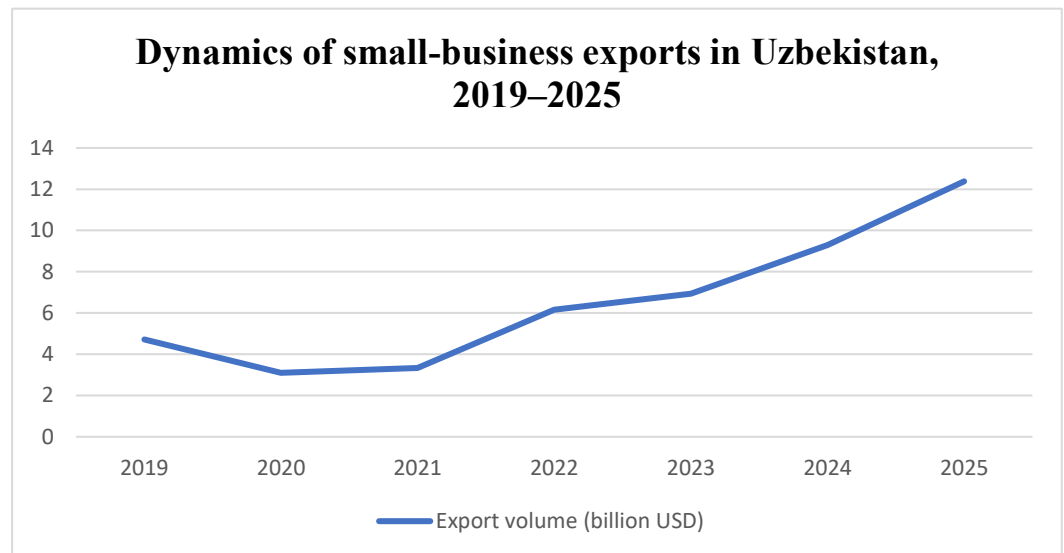


Figure 1. Dynamics of Small-Business Exports in Uzbekistan, 2019–2025

The graph illustrates a clear upward trend after 2020, with the strongest expansion occurring between 2021 and 2025. The increase may reflect a combination of changing external demand, business adaptation, production expansion, and improved access to export opportunities. The available time series alone does not identify the individual contribution of each factor.

From a competitiveness perspective, the next stage should focus on ensuring that export growth is supported by higher productivity, more reliable product quality, stronger domestic supplier networks, and a wider range of destination markets. This would reduce the risk of excessive dependence on a limited number of products or buyers.



Figure 2. Share of Small Businesses in Uzbekistan's Total Exports, 2025

The pie chart demonstrates that small businesses accounted for more than one-third of Uzbekistan's total exports in 2025. The remaining share belonged to other business entities. This distribution indicates that small businesses are an important component of the export system, while also showing that there is scope to strengthen their participation in international trade.

The policy objective should not simply be to increase the small-business share. It should also be to improve export survival rates, profitability, product quality, and the ability of firms to maintain long-term relationships with foreign customers.

1. Improving access to export finance. Small firms often need working capital to purchase raw materials, produce goods, pay for certification, and cover transportation costs before receiving payment from foreign buyers. Banks and financial institutions should develop export-oriented working-capital products, invoice financing, and transparent credit assessment procedures. Public support schemes can help viable firms that face temporary financing constraints, provided that eligibility and risk-sharing arrangements are clearly defined [4], [5].

2. Strengthening product quality and certification. Firms entering foreign markets must understand the technical, safety, packaging, labeling, and environmental requirements of their target countries. Small businesses should have access to affordable testing facilities, certification advice, and quality-management training. Export support programs should prioritize practical assistance in meeting the requirements of specific destination markets rather than offering generic training alone [6].

3. Accelerating digital transformation. Digital platforms can reduce the cost of finding buyers, presenting products, communicating with customers, and processing orders. Small businesses should adopt professional websites, multilingual product catalogues, digital payment solutions, customer relationship management systems, and data-based marketing. Digitalization should be integrated with production and logistics management so that firms can respond reliably to international orders [7].

4. Developing brands and product differentiation. Competing exclusively on price can make small businesses vulnerable to rising input and transport costs. Firms should develop recognizable brands, improve packaging, protect intellectual property where relevant, and communicate the origin and distinctive characteristics of their products. Differentiation can help enterprises move toward higher-value market segments [8], [9].

5. Reducing logistics and trade-compliance costs. Small exporters may have less bargaining power when negotiating freight, warehousing, customs brokerage, and distribution services. Shared logistics facilities, export consortia, consolidated shipments, and improved access to trade information can help reduce per-unit costs. More predictable border procedures and digital trade services can also make participation in international markets easier [10].

6. Diversifying export destinations. Reliance on a small number of markets exposes firms to demand shocks, regulatory changes, and payment risks. Exporters should assess potential destinations using market size, competition, tariffs, technical requirements, transportation costs, and payment conditions. Trade fairs, business-to-business platforms, and targeted market research can support entry into new markets [11], [12].

7. Building workforce and management capabilities. International competitiveness requires skills in foreign languages, export documentation, international marketing, product compliance, negotiation, and supply-chain management. Training should be practical and connected to the actual export plans of participating enterprises. Partnerships between businesses, vocational institutions, universities, and export-support organizations can help develop these capabilities [13], [14], [15].

In the author's assessment, these mechanisms should be implemented as a coordinated system. Financing without quality improvements may not produce sustainable market access; digital marketing without reliable delivery may damage customer relationships; and certification without a clear market strategy may generate costs without sufficient commercial returns. Competitiveness programs should therefore combine financial, technological, managerial, and market-access support.

4. Conclusion

The study finds that small businesses have increased their contribution to Uzbekistan's export activity. Their export volume rose from approximately USD 4.71 billion in 2019 to USD 12.38 billion in 2025, while their share of total exports increased from 27.0% to 36.6%. These changes demonstrate the growing importance of small enterprises in the country's external economic relations.

However, the long-term international competitiveness of small businesses depends on more than export growth. Firms need access to appropriate financing, internationally recognized quality standards, digital sales channels, efficient logistics, skilled personnel, and diversified export markets.

The following recommendations are proposed:

- Introduce integrated export-support programs that combine finance, certification, market research, and logistics assistance.
- Expand affordable access to testing, product-standardization, and quality-management services.
- Support digital export capabilities, including multilingual catalogues and business-to-business sales channels.
- Encourage cooperation among small exporters to share logistics, market intelligence, and overseas distribution resources.
- Improve export-related management skills through practical training linked to specific target markets.
- Evaluate support programs using measurable results, including new markets entered, repeat export orders, productivity, export value added, and the survival of exporting firms.

The central conclusion is that the competitiveness of small businesses improves when firms can consistently deliver differentiated, high-quality products at reliable cost and service levels. A coordinated approach involving enterprises, financial institutions, training providers, and public agencies can help Uzbekistan's small businesses strengthen their position in international markets.

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