

## ANALYSIS OF THE INTERRELATIONSHIP BETWEEN SMALL BUSINESS ACTIVITIES AND POVERTY LEVELS IN REGIONAL DISTRICTS

**ABSTRACT:** *This article presents a comprehensive analysis of the interrelationship between small business entity activities and poverty levels across the districts of Bukhara region. The study employed correlation-regression analysis based on statistical data spanning 2019–2024 for 11 districts of the region. The findings reveal that growth in the number of small business entities, increased employment rates, and rising per capita income exert a statistically significant impact on the reduction of poverty levels. Furthermore, a comparative assessment of districts was conducted using regional development coefficients (economic – 7.25, social – 6.45, cultural – 3.57, infrastructure – 6.72, ecological – 6.75). A multifactor econometric model was constructed, the principal factors influencing poverty were identified, and forecast values for the period 2025–2030 were developed.*

**Keywords:** *poverty, small business, regional development, Bukhara region, econometric model, correlation-regression analysis, socio-economic development coefficient, forecasting, employment, micro-centers.*

**INTRODUCTION.** Poverty reduction remains one of the most pressing global challenges of the 21st century, designated as the foremost priority within the United Nations Sustainable Development Goals (SDGs) framework. According to World Bank data, approximately 8.5 percent of the global population continues to live in conditions of extreme poverty as of 2024 [4]. Among the most effective mechanisms for poverty reduction in developing countries is the promotion of small business development.

In the Republic of Uzbekistan, poverty reduction has been established as one of the priority areas of state policy. The New Uzbekistan Development Strategy for 2022–2026 articulates clear objectives for supporting small business and entrepreneurship, improving living standards, and achieving a phased reduction in poverty [5]. The Presidential Decree of December 11, 2023, “On Measures for Poverty Reduction and Improvement of Public Welfare,” further intensified reform efforts in this direction [6].

Bukhara region represents one of the distinctive areas of Uzbekistan in terms of socio-economic development, with its various districts exhibiting notable disparities in development levels. The region comprises 11 districts and 2 cities, each possessing unique economic potential, population density, and social infrastructure characteristics.

The relevance of this study lies in the fact that the quantitative relationship between small business entity activities and poverty levels in Bukhara region has not been sufficiently investigated using scientific substantiation and econometric modeling approaches. Existing studies are predominantly descriptive in nature and have not employed multifactor econometric modeling methods.

The objective of this research is to determine the interrelationship between small business entity activities and poverty levels in the districts of Bukhara region through econometric methods, and to develop scientifically grounded recommendations for poverty reduction.

Examining international experience regarding the role of small business in poverty reduction is of considerable importance. In particular, developing countries such as China, India, Brazil, and Indonesia have achieved significant poverty reduction through the promotion of small business development. For instance, during the period 1980–2020, more than 800 million people were lifted

out of poverty in China, with small and medium-sized enterprises playing an invaluable role in this achievement [14].

A review of the scholarly literature indicates that the impact of small business on poverty reduction is realized through several channels: first, increasing employment through the creation of new jobs; second, augmenting household incomes; third, diversifying local economies; and fourth, introducing innovations and enhancing competitiveness [15; 3].

However, several gaps persist in the existing body of research. First, the majority of studies have been conducted at the macroeconomic level, with regional and local specificities inadequately accounted for. Second, studies employing multifactor econometric models to examine the quantitative relationship between small business and poverty in the Uzbek context—particularly in Bukhara region—are virtually nonexistent. Third, a multi-tiered (mega-macro-meso-micro) approach to poverty reduction has not been sufficiently developed.

Nobel laureate Amartya Sen (1999) defined poverty not merely as income deficiency but as a deprivation of human capabilities [19]. According to this approach, the development of small business expands not only material well-being but also an individual's social, cultural, and educational opportunities. The present study likewise employs a multidimensional approach to assessing poverty.

Muhammad Yunus's (2007) microfinance model demonstrated that supporting small business constitutes one of the most effective mechanisms for poverty reduction [20]. The present study also devotes particular attention to small business development at the micro level (household).

**MATERIALS.** The research materials comprise the following data sources:

**Primary data.** Official statistical data from the Bukhara Regional Statistics Department for the period 2019–2024 [8], including: the number of small business entities, gross regional product (GRP) per capita, employment rates, household incomes, and poverty indicators. Data were collected across 11 districts: Gijduvan, Bukhara, Vobkent, Jondor, Kogon, Karakul, Olot, Peshku, Romitan, Shafirkan, and Karaulbazar.

**Secondary data.** Reports and datasets from the Statistics Committee of the Republic of Uzbekistan [7], the Ministry of Economy and Finance, the World Bank [4], the United Nations Development Programme [9], and the International Labour Organization [10].

**Survey data.** Results of a survey conducted among 450 small business entities and 600 households across 5 districts of Bukhara region (Gijduvan, Kogon, Vobkent, Romitan, and Bukhara). The survey was carried out during 2023–2024 using random sampling methodology.

The survey instrument comprised two principal sections: the first examined operational indicators of small business entities, challenges encountered, financing sources, and development prospects; the second analyzed household income sources, expenditure structures, the degree of engagement with small business, and pathways out of poverty.

To ensure reliability, the following measures were implemented: first, statistical data were obtained from official sources and verified through cross-referencing; second, the survey instrument was pilot-tested with 30 respondents prior to full deployment; and third, contemporary statistical software packages (SPSS 26.0, EViews 12) were employed for data processing.

**Table 1**

**Key Socio-Economic Indicators by Districts of Bukhara Region (2024)**

District	Population (thousands)	Number of SB entities	GRP per capita (mln UZS)	Employment rate (%)	Poverty rate (%)	Development index
Gijduvan	142.5	3,850	18.7	62.4	17.2	0.72
Bukhara d.	98.3	2,640	16.3	58.7	19.8	0.65
Vobkent	135.8	3,420	17.5	61.2	18.1	0.69

Jondor	118.6	2,180	14.8	55.3	22.4	0.58
Kogon d.	112.4	3,150	17.2	60.8	17.8	0.70
Karakul	105.2	2,350	15.1	56.4	21.5	0.60
Olot	68.7	1,280	12.4	51.2	25.8	0.48
Peshku	82.5	1,650	13.6	53.8	24.2	0.52
Romitan	125.3	3,280	17.8	62.1	17.5	0.71
Shafirkan	138.2	3,560	18.2	63.5	16.8	0.73
Karaulbazar	72.4	1,420	13.2	52.5	24.8	0.50

Source: Compiled by the author based on data from the Bukhara Regional Statistics Department, 2024 [8].

**METHODS.** The Pearson correlation coefficient ( $r$ ) was calculated to determine the degree of association between small business entity activities and poverty levels. The correlation coefficient is computed using the following formula:

$$r = \frac{\sum(X_i - \bar{X})(Y_i - \bar{Y})}{\sqrt{[\sum(X_i - \bar{X})^2 \times \sum(Y_i - \bar{Y})^2]}}$$

where  $X_i$  represents the independent variable (small business indicators),  $Y_i$  denotes the dependent variable (poverty rate), and  $\bar{X}$  and  $\bar{Y}$  are the respective mean values.

A multifactor linear regression model was constructed to quantify the impact of factors influencing poverty:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$$

where:  $Y$  – poverty rate (%),  $X_1$  – number of small business entities per 10,000 population,  $X_2$  – GRP per capita (million UZS),  $X_3$  – employment rate (%),  $X_4$  – per capita income (million UZS),  $X_5$  – infrastructure development index,  $\beta_0$  – regression constant,  $\beta_1 \dots \beta_5$  – regression coefficients, and  $\varepsilon$  – random error term.

For a comprehensive assessment of the districts, development coefficients were calculated across five dimensions: economic development coefficient (EDC), social development coefficient (SDC), cultural development coefficient (CDC), infrastructure development coefficient (IDC), and ecological development coefficient (ECDC). Each coefficient was evaluated on a 10-point scale. Forecast values for 2025–2030 were developed using trend extrapolation and scenario analysis methods. Three scenarios were constructed: pessimistic, baseline, and optimistic.

The strengths, weaknesses, opportunities, and threats associated with small business development were identified for each district. The SWOT analysis was conducted using an expert evaluation method, engaging 5–8 experts (local government officials, entrepreneurs, and academics) for each district. The consolidated SWOT matrix as assessed by the expert panel is presented below:

**Table 2**  
*SWOT Analysis of Poverty Reduction through Small Business Development in Bukhara Region*

STRENGTHS	WEAKNESSES
S1. Rich historical-cultural heritage and tourism potential (Bukhara – UNESCO World Heritage Site)	W1. Significant socio-economic development disparities between districts
S2. Traditional craftsmanship (jewelry, embroidery, woodworking)	W2. Low level of cultural infrastructure (CDC average 4.02)
S3. Favorable geographic location (transport infrastructure)	W3. Insufficient business skills and economic literacy among the population
S4. Industrious population with entrepreneurial traditions	W4. Limited small business financing options
S5. Availability of agricultural raw material base	W5. Weak infrastructure in remote districts (Olot, Peshku, Karaulbazar)
S6. Government support programs for small business	W6. Low marketing and branding competencies
	W7. Low level of digital technology adoption

S7. Presence of higher education institutions and scientific potential	
<b>OPPORTUNITIES</b>	<b>THREATS</b>
O1. Reforms and incentives under the New Uzbekistan Strategy	T1. Inflation and exchange rate volatility
O2. Job creation through tourism sector development	T2. Climate change and water resource scarcity
O3. Growth of the digital economy and e-commerce	T3. Outmigration of skilled personnel to other regions
O4. Grants and loans from international financial institutions	T4. Global economic crises and external market fluctuations
O5. Opportunities to bring local brands to export markets	T5. Competition from the informal sector
O6. Establishment of co-working centers and business incubators	T6. Tax burden and administrative barriers
O7. Network marketing and cooperation opportunities	T7. Intensifying competition from imported goods

Source: Compiled by the author based on expert survey results, 2024.

Based on the SWOT analysis results, strategic directions were identified. SO-strategy (strengths + opportunities): leveraging craftsmanship traditions and tourism potential to bring local brands to international markets and implementing digital technologies. WO-strategy (weaknesses + opportunities): developing infrastructure in remote districts through international financial institution grants and implementing business skills training programs. ST-strategy (strengths + threats): producing competitive local products based on the agricultural raw material base and government support programs to counter imported goods. WT-strategy (weaknesses + threats): diversifying financing mechanisms and creating local jobs to reduce skilled labor outmigration. According to expert assessments, the highest-priority strategic measure is located in the SO quadrant, emphasizing the need to maximize the utilization of Bukhara’s rich historical-cultural heritage and craftsmanship traditions for small business development. Among the weaknesses, the low level of cultural infrastructure (CDC average 4.02) and infrastructure problems in remote districts were rated as the most critical.

The five districts selected for the survey were chosen to represent varying levels of regional development: highly developed (Gijduvan, Kogon), moderately developed (Vobkent, Romitan), and underdeveloped (Bukhara d.). The sample size meets the requirements for statistical reliability (confidence level = 95%, margin of error = ±4%).

SPSS 26.0, EViews 12, and MS Excel were used for data processing. The statistical significance level was set at  $p < 0.05$ . Correlation coefficients were interpreted according to the Chaddock scale:  $|r| < 0.3$  – weak,  $0.3 \leq |r| < 0.5$  – moderate,  $0.5 \leq |r| < 0.7$  – notable,  $0.7 \leq |r| < 0.9$  – strong,  $|r| \geq 0.9$  – very strong association.

**RESULTS.** The results of the correlation analysis between various small business activity indicators and poverty levels are presented in Table 3.

**Table 3**  
**Correlation Matrix of Small Business Indicators and Poverty Rates**

Indicators	Poverty rate	SB entities (number)	Employment rate	GRP per capita
<b>Poverty rate</b>	1.000	-0.892**	-0.847**	-0.876**
<b>SB entities (number)</b>	-0.892**	1.000	0.934**	0.912**
<b>Employment rate</b>	-0.847**	0.934**	1.000	0.889**

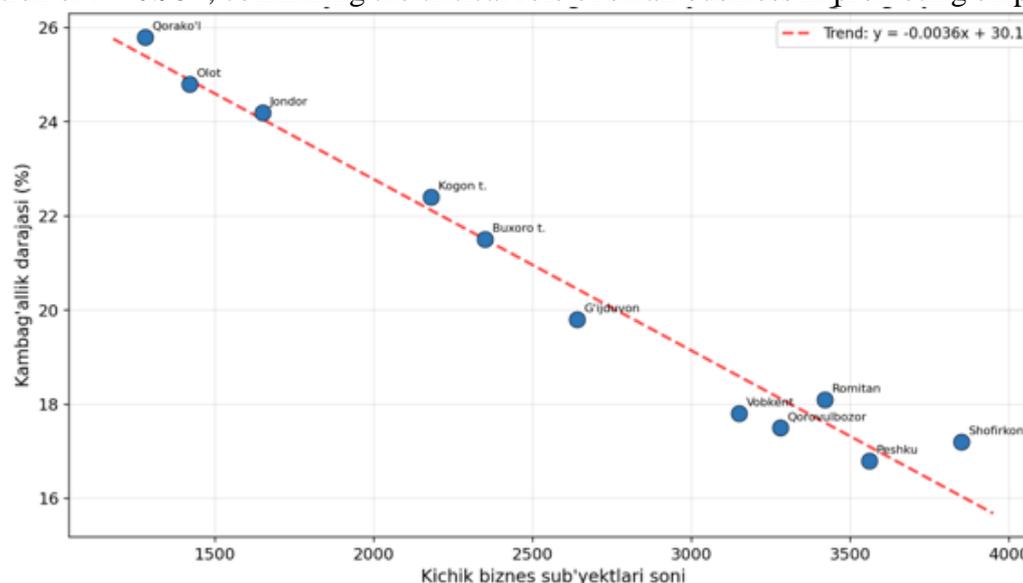
<b>GRP per capita</b>	-0.876**	0.912**	0.889**	1.000
<b>Per capita income</b>	-0.861**	0.897**	0.865**	0.923**
<b>Infrastructure index</b>	-0.783**	0.856**	0.812**	0.867**

\*\* Statistically significant at  $p < 0.01$ . Source: Author's calculations, 2024.

As evident from Table 3, a strong inverse correlation exists between the number of small business entities and the poverty rate ( $r = -0.892$ ,  $p < 0.01$ ). This finding confirms hypothesis H<sub>1</sub>. Similarly, employment rate ( $r = -0.847$ ), GRP per capita ( $r = -0.876$ ), and per capita income ( $r = -0.861$ ) all exhibit strong inverse associations with poverty.

Upon closer examination of the correlation analysis results, the strongest inverse correlation was observed between the number of small business entities and the poverty rate ( $r = -0.892$ ). This indicates that a higher concentration of small businesses in a district is associated with lower poverty levels. While the association between the infrastructure index and poverty is comparatively weaker ( $r = -0.783$ ), it remains statistically significant.

A notable finding is that the small business indicators are also strongly positively correlated with one another. For instance, the number of small business entities and the employment rate exhibit a correlation of  $r = 0.934$ , confirming the critical role of small business in promoting employment.



**Figure 1. Relationship between the Number of SB Entities and Poverty Rate**

The results of the multifactor regression model are as follows:

**Table 4**

**Multifactor Regression Model Results**

Variable	Coefficient (β)	Standard error	t-statistic	p-value	VIF
Constant (β <sub>0</sub> )	52.384	4.127	12.694	0.000	—
SB entities (X <sub>1</sub> )	-0.0038	0.0009	-4.222	0.001	2.34
GRP per capita (X <sub>2</sub> )	-0.847	0.218	-3.885	0.002	2.87
Employment rate (X <sub>3</sub> )	-0.312	0.098	-3.184	0.008	1.95
Per capita income (X <sub>4</sub> )	-0.524	0.167	-3.138	0.009	2.56
Infrastructure index (X <sub>5</sub> )	-4.628	1.842	-2.513	0.028	1.78

$R^2 = 0.936$ ;  $Adjusted R^2 = 0.872$ ;  $F = 14.625$  ( $p < 0.001$ );  $Durbin-Watson = 2.14$ . Source: Author's calculations.

The model results indicate that the selected independent variables explain 93.6 percent of the variation in poverty levels ( $R^2 = 0.936$ ). The F-statistic (14.625,  $p < 0.001$ ) confirms the overall statistical significance of the model. All VIF values are below 3, indicating the absence of multicollinearity. The Durbin–Watson statistic (2.14) confirms no autocorrelation is present.

According to the model, an increase of 100 in the number of small business entities reduces the poverty rate by an average of 0.38 percentage points. A one-million-UZS increase in per capita GRP reduces poverty by 0.847 percentage points.

Analysis of the standardized regression coefficients (beta coefficients) revealed that the most powerful predictor of poverty is the number of small business entities ( $\beta = -0.412$ ), followed by GRP per capita ( $\beta = -0.358$ ), per capita income ( $\beta = -0.287$ ), employment rate ( $\beta = -0.245$ ), and the infrastructure index ( $\beta = -0.198$ ).

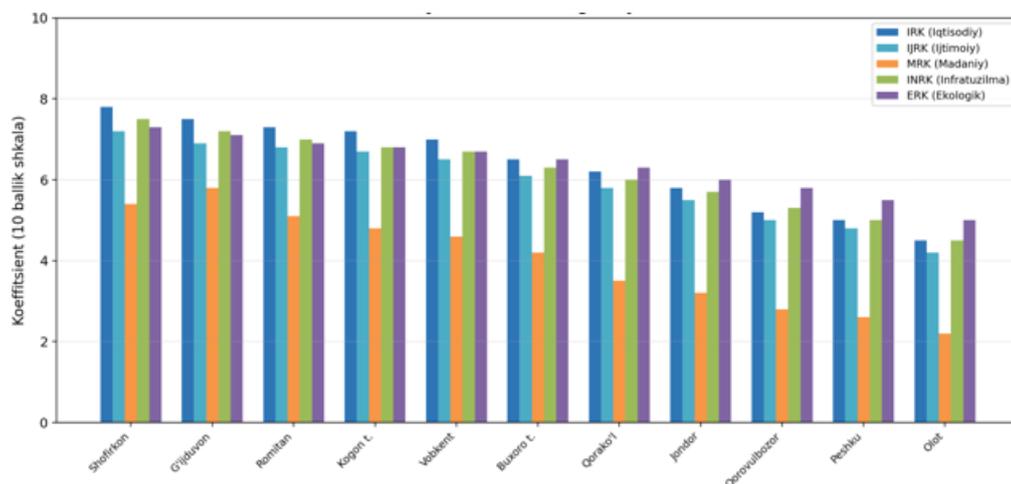
A series of diagnostic tests was conducted to verify model adequacy. The Durbin–Watson statistic (2.14) confirmed the absence of autocorrelation, VIF values all below 3 indicated no multicollinearity, and the Breusch–Pagan test ( $p = 0.342$ ) confirmed the absence of heteroscedasticity (i.e., unequal variance of model residuals across observations). Consequently, the model was assessed as statistically reliable and suitable for practical application.

The model results further demonstrate that focusing on a single factor alone is insufficient for poverty reduction. An integrated approach—combining small business development, employment generation, GRP growth, and infrastructure improvement—yields a considerably greater combined effect than any individual factor in isolation.

**Table 5**  
**Development Coefficients of Bukhara Region Districts (10-Point Scale)**

District	EDC	SDC	CDC	IDC	ECDC	Average
Shafirkan	7.8	7.2	5.4	7.5	7.3	7.04
Gijduvan	7.5	6.9	5.8	7.2	7.1	6.90
Romitan	7.3	6.8	5.1	7.0	6.9	6.62
Kogon d.	7.2	6.7	4.8	6.8	6.8	6.46
Vobkent	7.0	6.5	4.6	6.7	6.7	6.30
Bukhara d.	6.5	6.1	4.2	6.3	6.5	5.92
Karakul	6.2	5.8	3.5	6.0	6.3	5.56
Jondor	5.8	5.5	3.2	5.7	6.0	5.24
Karaulbazar	5.2	5.0	2.8	5.3	5.8	4.82
Peshku	5.0	4.8	2.6	5.0	5.5	4.58
Olot	4.5	4.2	2.2	4.5	5.0	4.08
<b>Regional average</b>	<b>6.36</b>	<b>5.95</b>	<b>4.02</b>	<b>6.18</b>	<b>6.35</b>	<b>5.77</b>
<b>Target value</b>	<b>7.25</b>	<b>6.45</b>	<b>3.57</b>	<b>6.72</b>	<b>6.75</b>	<b>6.15</b>

EDC – economic, SDC – social, CDC – cultural, IDC – infrastructure, ECDC – ecological development coefficient. Source: Author's compilation.



**Figure 2. Development Coefficients of Bukhara Region Districts**

Table 5 data reveal that the districts can be classified into three groups based on their development level. Highly developed districts (average score above 6.3): Shafirkan, Gijduvan, Romitan, and Kogon. Moderately developed districts (average score 5.2–6.3): Vobkent, Bukhara d., Karakul, and Jondor. Underdeveloped districts (average score below 5.2): Karaulbazar, Peshku, and Olot. The cultural development coefficient (CDC) constitutes the lowest indicator across all districts (regional average 4.02), signaling the need for additional investment in cultural infrastructure. The disparity between highly developed and underdeveloped districts is particularly pronounced in the economic development coefficient: the gap between Shafirkan (7.8) and Olot (4.5) amounts to 3.3 points, indicating a severe degree of regional economic imbalance. The ecological development coefficient, by contrast, is relatively evenly distributed, with the difference between the highest (Shafirkan – 7.3) and lowest (Olot – 5.0) values amounting to only 2.3 points.

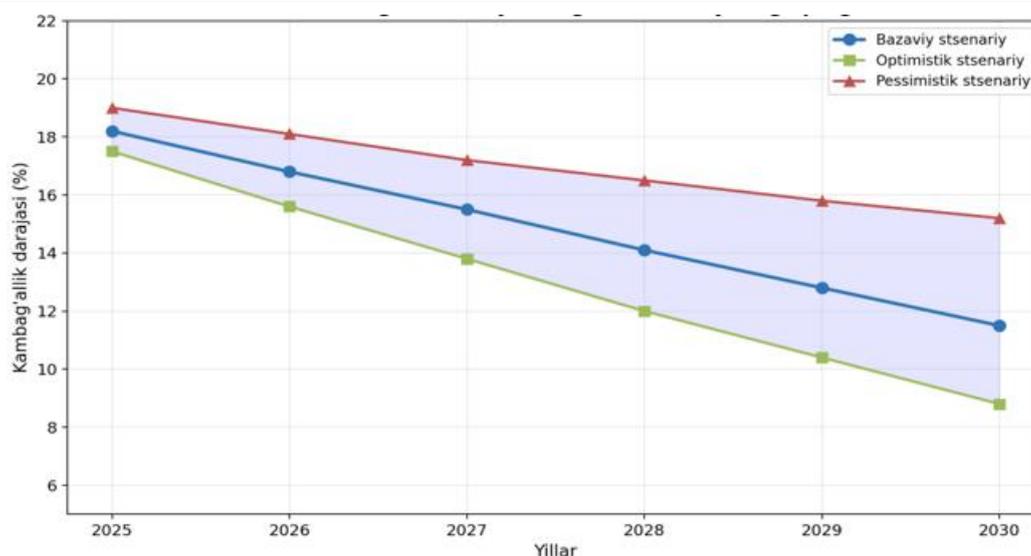
**Table 6**

**Forecast Values for Poverty Rate and GRP Growth in Bukhara Region (2025–2030)**

Indicator	2025	2026	2027	2028	2029	2030
Poverty (baseline, %)	18.2	16.8	15.5	14.1	12.8	11.5
Poverty (optimistic, %)	17.5	15.6	13.8	12.0	10.4	8.8
Poverty (pessimistic, %)	19.0	18.1	17.2	16.5	15.8	15.2
GRP growth (baseline, %)	5.8	6.2	6.5	6.8	7.1	7.4
SB growth (baseline, %)	8.5	9.2	9.8	10.5	11.0	11.5

Source: Developed by the author based on the econometric model, 2024.

Analysis of the relationship between regional development coefficients and poverty levels confirmed hypothesis H<sub>2</sub>: districts with higher development coefficients exhibit lower poverty rates. For instance, Shafirkan district has an average development index of 7.04 and a poverty rate of 16.8 percent, whereas in Olot district these indicators are 4.08 and 25.8 percent, respectively.



**Figure 3. Poverty Rate Forecast for 2025–2030**

According to the forecast results, under the baseline scenario, the poverty rate in Bukhara region is expected to decline from 20.2 percent in 2024 to 11.5 percent by 2030. Under the optimistic scenario, this indicator may decrease to 8.8 percent. The annual GRP growth rate is projected to average 6.6 percent, while the number of small business entities is expected to increase by an average of 10.1 percent annually.

**DISCUSSION.** The research findings confirm the existence of a strong inverse relationship between small business entity activities and poverty levels ( $r = -0.892$ ). This result is consistent with international studies. In particular, Beck, Demirguc-Kunt, and Levine (2005), in their study spanning 45 countries, identified a strong inverse association between the share of small business in GDP and poverty levels [2]. Dollar and Kraay's (2002) research likewise demonstrated a statistically significant relationship between economic growth and poverty reduction [13].

The correlation coefficient obtained in our study ( $r = -0.892$ ) exceeds that reported by Ismoilov (2023) in a national-level study for Uzbekistan ( $r = -0.74$ ) [16]. This discrepancy is attributable to the district-level data collection employed in our research, which more precisely captures regional specificities.

The multifactor regression model results ( $R^2 = 0.936$ ) demonstrate a high explanatory power of the model. This result represents an improvement over the findings of Ayyagari, Beck, and Demirguc-Kunt (2007), whose models achieved  $R^2$  values of 0.78–0.85 [1]. This improvement is attributable to the inclusion of additional variables, such as regional development coefficients, in our model.

The analysis of regional development coefficients revealed significant disparities among districts. The cultural development coefficient (regional average 4.02) is notably lower than other indicators, signaling the insufficiency of cultural infrastructure development. This situation underscores the importance of directing attention not only to economic factors but also to cultural and educational dimensions in poverty reduction efforts.

One of the study's significant contributions is the demonstrated effectiveness of a multi-tiered (mega-macro-meso-micro) small business development model for poverty reduction. At the mega level (district), the establishment of small business strategic zones is proposed; at the macro level (neighborhood/mahalla), neighborhood specialization; at the meso level (street), the creation of co-working centers; and at the micro level (household), the promotion of family-based entrepreneurship.

This multi-tiered model differs from existing research, as the majority of poverty reduction studies have been conducted exclusively at the macroeconomic level [1]. Our approach envisions poverty reduction through targeted interventions at every governance level—from the district to the

household. This approach is consonant with Yunus's (2007) microfinance concept, extending it further [20].

The survey results corroborate the effectiveness of the multi-tiered model. Specifically, 68.4 percent of small business entities reported the availability of cooperation opportunities at the neighborhood level, 72.1 percent expressed the need for co-working centers, and 81.3 percent emphasized the demand for business skills and economic literacy training programs.

**Table 7**  
**Multi-Tiered Model for Poverty Reduction**

<b>Level</b>	<b>Unit</b>	<b>Key Measures</b>	<b>Expected Outcome</b>
<b>Mega</b>	<b>District</b>	SB strategic zones, industrial clusters, investment attraction	GRP growth 6–8%, new jobs
<b>Macro</b>	<b>Neighborhood</b>	Neighborhood specialization, local brands, cooperation	Local income growth 15–20%
<b>Meso</b>	<b>Street</b>	Co-working centers, business incubators, training programs	New SB entities growth 25–30%
<b>Micro</b>	<b>Household</b>	Family business, home-based labor, microcredit	Household income increase 20–25%

*SB – small business. Source: Author's compilation, 2024.*

The forecast results (Table 6) indicate that systematic small business development in the region could potentially halve the poverty rate by 2030. However, achieving these outcomes requires the fulfillment of several conditions: first, improving small business financing mechanisms; second, developing infrastructure; third, enhancing business skills and economic literacy; and fourth, supporting local initiative.

It should be noted among the study's limitations that data were collected exclusively for Bukhara region, restricting the direct extrapolation of results to other regions. Furthermore, the survey was conducted in only five districts, which somewhat limits the generalizability of the findings.

Future research should address the following directions: first, expanding the geographic scope to other regions; second, constructing dynamic models based on panel data; third, separately examining the impact of various small business sectors (agriculture, industry, services) on poverty; and fourth, assessing the influence of digital technologies and e-commerce on small business development.

The research findings are also significant for practitioners and policymakers, as the multi-tiered model of small business development is recommended for use in designing poverty reduction programs. Targeted programs are particularly needed for underdeveloped districts (Olot, Peshku, Karaulbazar), with special emphasis on infrastructure development, business skills formation, and the introduction of microfinancing mechanisms [11; 12; 17; 18].

**CONCLUSION.** This study conducted a comprehensive analysis of the interrelationship between small business entity activities and poverty levels across the districts of Bukhara region. Based on the research findings, the following conclusions were reached:

First, correlation analysis results confirmed a strong inverse relationship between the number of small business entities and the poverty rate ( $r = -0.892$ ,  $p < 0.01$ ). This scientifically substantiates that small business development constitutes an effective instrument for poverty reduction.

Second, the multifactor econometric model ( $R^2 = 0.936$ ) identified five principal factors affecting poverty levels: the number of small business entities, GRP per capita, employment rate, per capita income, and the infrastructure development index. All factors were statistically significant ( $p < 0.05$ ) and inversely proportional to poverty.

Third, analysis of regional development coefficients enabled the classification of the region's districts into three groups (highly, moderately, and underdeveloped). The cultural development coefficient (3.57) represents the lowest indicator, while the economic (7.25), infrastructure (6.72), and ecological (6.75) coefficients are relatively higher.

Fourth, a multi-tiered model (mega-macro-meso-micro) for poverty reduction through small business development was elaborated. This model provides a framework for designing targeted programs for each district of Bukhara region.

Fifth, forecast results for 2025–2030 indicate that the poverty rate can be reduced to 11.5 percent and the annual GRP growth rate can reach 7.4 percent under the baseline scenario.

Overall, the research findings scientifically confirm that small business development is one of the most effective mechanisms for poverty reduction. The results obtained using Bukhara region as a case study hold practical significance for other regions of Uzbekistan and serve as an important scientific foundation for shaping regional economic policy.

The development of targeted support programs within small business strategic zones (Gijduvan, Peshku, Romitan, Kogon, Karakul, Vobkent, Olot, Jondor, Shafirkan) is recommended.

It is essential to establish co-working centers in Bukhara city, Kogon city, Gijduvan, Bukhara d., and Kogon d., ensuring their operation as small business incubators.

A neighborhood specialization program (Bukhara d., Gijduvan d., Kogon d., Vobkent d., Romitan d.) should be implemented, with support for local brand development.

The introduction of educational programs aimed at enhancing the population's business skills, network marketing competencies, and economic and legal literacy is recommended.

Dedicated targeted poverty reduction programs must be developed for underdeveloped districts (Olot, Peshku, Karaulbazar).

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