



GREEN BUSINESS MODELS FOR SMALL ENTERPRISES IN UZBEKISTAN: LESSONS FROM DEVELOPED COUNTRIES

Zafarbek Mamarajabov

Surxondaryo viloyati Denov tumani 1-son ixtisoslashtirilgan maktabi

Abstract

This paper analyzes the concept of green business models, explores experiences from developed countries, and examines how such models can be adapted to small enterprises in Uzbekistan. The aim of the study is to identify business approaches that harmonize ecological sustainability with economic efficiency and to demonstrate how they can be practically applied in Uzbekistan.

The article reviews the experiences of Germany, Sweden, and South Korea, and adapts them to the local context of Uzbekistan. The findings indicate that South Korea's system, based on grants and tax incentives, can be most effectively implemented in Uzbekistan, considering the financial limitations of small businesses. The paper also provides practical recommendations for expanding green financing among small enterprises.

Introduction

In recent years, environmental issues and climate change have become globally significant challenges. Therefore, green business models—those integrating economic growth with environmental protection—are becoming increasingly important. Such businesses operate based on resource efficiency, waste reduction, and environmental safety.

In developed countries like Germany, projects such as Energiewende, and in Sweden, waste-free production systems, have made green economy a core element of state policy. These experiences prove that economic growth and environmental sustainability can coexist.



Although the concept of green business is relatively new in Uzbekistan, the government has recently introduced the *Yashil iqtisodiyot konsepsiysi* through presidential decrees. Small enterprises, which make up over 50% of the national economy, can become key drivers of sustainable growth through green business models.

However, the limited financial and technological resources of small businesses remain a major obstacle. This paper analyzes how the experiences of developed countries can be adapted to Uzbekistan's context, highlighting potential challenges and prospects.

The main research question is: Which green business models and financial support mechanisms from developed countries can be most effectively applied to Uzbekistan's small business sector, considering its financial and technological constraints?

Literature Review

Research on green business models is one of the key directions in global academic discourse. Scholars have analyzed how ecological sustainability can align with economic efficiency. For example, Anderson (2004) emphasizes open innovations, while Rennings (2014) highlights how "eco-innovation" creates a competitive advantage.

In Sweden, according to Lundberg (2018), waste-free production systems combine both economic and environmental benefits. In South Korea, Lee & Kim (2020) note that the Green Growth Strategy effectively promotes small and medium enterprises through financial incentives. In other words, these countries employ various state policies, grants, and tax benefits to support eco-friendly business development.

In Uzbekistan, green economy concepts are still emerging. As Mahmudov (2023) states, legal frameworks have been created to support renewable energy and eco-entrepreneurship. Additionally, BMT Taraqqiyot Dasturi (UNDP, 2022) has launched pilot projects to integrate green technologies into small businesses. For instance, entrepreneurs in Denov district have used the *Yashil kreditlar* (Green Loans) program to adopt energy-efficient equipment.



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Research Gap:

While previous studies in Uzbekistan have generally examined green policy frameworks, few have focused on how international models can be financially and technologically adapted to small businesses under local conditions. This study seeks to fill that gap.

Methodology

This research employs a comparative analysis approach, combining qualitative and analytical methods to examine and systematize data.

The study was conducted in three stages:

Theoretical Analysis: Review of literature on green business, eco-innovation, and sustainable economy, with specific attention to the experiences of Germany, Sweden, and South Korea.

Practical Analysis: Comparison of government policies, financial support systems, and technological capacities of each country. For instance, South Korea offers short-term grants and tax relief for SMEs, while Germany provides large-scale subsidies.

Application to Uzbekistan: Assessment of local economic conditions, small business resources, legislative frameworks, and technological potential. For example, entrepreneurs in Denov district can apply grant-based models to introduce energy-efficient technologies.

Data sources include academic papers, reports from international organizations (OECD, World Bank, UNDP), and official legal documents of the Republic of Uzbekistan.

This combined methodology allows both theoretical understanding and practical insights for developing efficient green business models in Uzbekistan.

Results

The results reveal that developed countries have a more stable and comprehensive system for supporting green businesses compared to Uzbekistan.



Criteria	Germany	Sweden	South Korea	Uzbekistan (Current Status)
State Policy	Long-term, stable strategies	Long-term, stable strategies	Stable programs targeting SMEs	In progress, under reform
Financial Support	Large-scale subsidies	Large-scale subsidies	Grants and tax incentives	Limited, <i>Yashil kreditlar</i> introduced
Technological Capacity	High R&D potential	High capacity	Moderate, rapid innovation	Growing, import-dependent
Environmental Culture	High	High	Moderate	Lower among public and entrepreneurs

The analysis shows that for small businesses with limited financial resources, South Korea's grant and tax incentive model is more suitable than Germany's capital-intensive subsidy system. This model reduces financial burden and accelerates the adoption of innovations.

For example, small enterprises in Denov district can apply this approach to overcome financial barriers when importing or implementing energy-efficient technologies. On the other hand, Sweden's waste-free production system requires advanced technology and high environmental awareness, which are still developing in Uzbekistan. Therefore, it is more practical to begin with financial incentives and training programs. In short, for Uzbekistan, the most effective approach to developing green business is a combination of financial incentives + skill development + technology transfer.

Discussion

The findings confirm that developed countries support green business through both financial and policy-based mechanisms that promote ecological sustainability.

In Uzbekistan, however, the main obstacle remains limited financial capacity of small enterprises. Hence, the South Korean model—offering short-term grants and tax benefits—is likely to be most effective. It eases financial pressure and encourages rapid innovation adoption. For instance, Denov district entrepreneurs can utilize such opportunities to purchase energy-saving equipment.



Another crucial factor is the lack of advanced technology and skilled human resources. Sweden's waste-free production system demands both, but these are not yet widespread in Uzbekistan. Therefore, it is vital to invest in education, training programs, technology transfer, and stronger public-private partnerships.

Although this research relies primarily on qualitative analysis, future studies should include quantitative surveys among small businesses to strengthen the results.

Conclusion

This research shows that developed countries successfully combine economic growth and ecological sustainability through green business models. Considering financial limits, South Korea's grant and tax incentive system seems the most suitable for Uzbekistan.

To build a sustainable and eco-friendly small business sector, it is necessary to implement financial incentives, technology adoption, and skill development together. Government policies and the Yashil iqtisodiyot konsepsiysi play an important role in supporting this process.

Recommendations

Expand Green Financing:

Introduce interest-free or low-interest grants and short-term financial support programs for small enterprises. For example, create special funds for energy-efficient equipment or waste-free production technologies.

Education and Training:

Organize regular courses on “Green Business and Environmental Management” for entrepreneurs and young specialists. This will improve skills and increase environmental awareness.

Adopt Innovative Technologies:

Encourage private investment in energy-saving and waste-free technologies. Strengthen public-private partnerships to support technology transfer.



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In short, the most effective way to develop green business in Uzbekistan is a combination of financial incentives + education and training + technology transfer.

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