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# The Role of Political Parties in the Development of Entrepreneurship: Socio-Economic Aspects

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A B S T R A C T
*This article explores the multifaceted role of political parties in shaping the entrepreneurial landscape through socio-economic policies and legislative frameworks. It examines how political parties contribute to economic reforms, facilitate a favorable business environment, and influence the development of small and medium-sized enterprises (SMEs). The study also delves into the mechanisms through which political actors' impact economic growth, social stability, and investment climate. Furthermore, the article evaluates strategic approaches adopted by political parties to enhance entrepreneurship and sustainable economic development.*

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**Introduction.** In today's globalization process, the development of entrepreneurial activity has become a pressing issue as one of the key factors of economic progress. Entrepreneurship not only creates new jobs but also plays a crucial role in ensuring the economic stability of a country. In this process, the role of political parties is invaluable. Political parties serve as an essential tool in implementing socio-economic reforms in society, supporting entrepreneurial entities, protecting their interests, and shaping a favorable business environment. Through their programs, legislative initiatives, and economic strategies, they positively influence the growth of entrepreneurial activities. This article analyzes the socio-economic impact of political parties on entrepreneurship development and highlights the main directions for their effective functioning.

Entrepreneurship is the driving force of every national economy. Entrepreneurs create new jobs, ensure economic stability, and contribute to societal prosperity. Therefore, political parties pay special attention to the development of entrepreneurship in their programs.

**Literature Review and Analysis.** The development of entrepreneurship and its support by the state occupies an important place in modern socio-economic progress. In this process, the activities of political parties, their impact on economic policies, and especially their role in supporting entrepreneurial entities have been widely studied in various scientific sources and practical research. The literature review highlights the interrelationship between political parties and entrepreneurship in the following directions.

First and foremost, political parties play a crucial role in forming the regulatory and legal framework for implementing economic reforms and supporting entrepreneurial activities. Relevant sources, particularly Lipset and Rokkan, have evaluated parties as institutions that represent the interests of economic groups in society [1]. North, on the other hand, discusses the direct impact of political institutions on economic

efficiency, emphasizing that parties are one of the key mechanisms for implementing economic reforms [2]. The literature also emphasizes the direct influence of political parties on entrepreneurial entities, particularly in terms of tax incentives, subsidies, and grant allocations. In his renowned work *Capitalism, Socialism, and Democracy*, Schumpeter substantiates the necessity of creating a political environment that supports entrepreneurship driven by innovation [3]. Special attention is given to stimulating the activities of small and medium-sized business entities as a distinct area of political party activities.

Political parties influence the development of the entrepreneurial environment not only through economic policies but also by ensuring social stability, increasing employment, and creating new jobs. In this regard, Heywood discusses the role of parties in social policy and its impact on economic stability [4]. In the case of Uzbekistan, political parties such as O‘zLiDeP, “Adolat,” and “Milliy Tiklanish” aim to enhance economic activity by involving youth, women, and socially vulnerable groups in entrepreneurship, as reflected in their programs [5].

Political parties in Uzbekistan have implemented several practical measures to support entrepreneurship. They have organized entrepreneurship forums, seminar-trainings, and advisory centers to encourage the participation of the population, especially young people and women, in entrepreneurial activities. This demonstrates that parties contribute not only through legislative initiatives but also by providing practical support. A review of the literature shows that political parties play a crucial role as a driving force in socio-economic processes, particularly in supporting entrepreneurial activities. Their involvement enhances the effectiveness of economic reforms and creates favorable conditions for entrepreneurship. Political initiatives that represent the interests of entrepreneurs and address their challenges contribute to the country's economic development.

**Research Methodology.** This article employs various methodological approaches to conduct an in-depth analysis of the socio-economic impact of political parties in supporting entrepreneurship. First, the study applies the **systematic analysis method** to examine the interrelation between the economic and social activities of political parties, particularly in relation to entrepreneurship. This approach enables a comprehensive assessment of factors influencing the entrepreneurial environment.

Additionally, the **comparative analysis method** is used to contrast the experiences of developed countries with Uzbekistan’s context. The policies and initiatives of political parties in the United States, Germany, and Japan aimed at fostering entrepreneurship were analyzed to derive insights applicable to Uzbekistan. This comparative approach helped develop recommendations tailored to the national context. The **historical approach** was also employed to examine political parties' initiatives for entrepreneurial development in Uzbekistan since independence. Official documents such as presidential decrees, party programs, and state strategies were analyzed using the **documentary analysis method** to understand their evolution. Furthermore, **empirical methods** were applied in the research. Surveys and interviews were conducted with representatives of political parties, entrepreneurs, and economic experts to assess the effectiveness of political parties' support measures, identify existing challenges, and develop potential solutions. The **statistical analysis method** was used to examine socio-economic indicators obtained from the State Committee of Statistics of Uzbekistan and other open sources. Data on tax incentives, subsidies, grants, and the growth rates of entrepreneurial entities were analyzed to quantitatively assess the socio-economic impact of political parties.

These methodological approaches enabled a comprehensive evaluation of the role and impact of political parties in supporting entrepreneurship, leading to scientifically grounded conclusions.

**Analysis and Results.** As an essential component of ongoing economic reforms in Uzbekistan, the role of political parties in developing entrepreneurial activities has been increasing significantly. Throughout the research, the efforts of political parties in engaging with business entities and their contributions to socio-economic processes were examined in detail. Each political party participates in shaping the country's economic policies and aims to create favorable conditions for entrepreneurs. Tax incentives, credit opportunities, legal protection, and simplified regulatory procedures are often introduced into legislation through the initiatives of political parties. The development of entrepreneurship is also beneficial for political parties, as a strong economy enhances their reputation. In turn, parties advocate for entrepreneurs’ interests and encourage them to play an active role in societal progress. Entrepreneurship

and political parties are closely interlinked, working together to contribute to economic and social development. A strong entrepreneurial sector is a guarantee of a strong state.

The relationship between entrepreneurship and political parties is multifaceted and complex, playing a crucial role in the country's political and economic development. These interactions can take various forms, including:

- political parties supporting entrepreneurship through the development of political programs and platforms aimed at business growth. These programs may include measures such as support for small and medium-sized enterprises (SMEs), improving the investment climate, providing tax incentives, and other initiatives;
- political parties participating in the adoption of laws and policies that establish a favorable legal and institutional environment for businesses;
- acting as intermediaries between entrepreneurs and the government to facilitate dialogue and cooperation.
- On the other hand, entrepreneurs can support political parties in several ways:
- providing financial assistance to political parties, such as funding election campaigns and supporting party activities;
- becoming members of political parties and actively participating in their political activities;
- applying their professional knowledge and experience to contribute to the development of political strategies.
- However, certain negative aspects of this relationship also exist:
- close ties between entrepreneurs and political parties may increase the risk of corruption and conflicts of interest;
- political parties may grant unlawful privileges to certain business entities, leading to unfair competition;
- entrepreneurs may exert pressure on political parties and influence their policy decisions in ways that primarily benefit their own interests.

Analysis indicates that political parties in Uzbekistan are currently focusing on supporting entrepreneurship, particularly in creating favorable conditions for small and private businesses. Initiatives such as expanding tax incentives, improving access to financial resources, and strengthening legal protections are actively being promoted. Additionally, these priorities are reflected in party election platforms.

According to survey results, 68% of respondents positively evaluated the initiatives of political parties in supporting entrepreneurship. The growing public interest in entrepreneurial activities and the creation of new jobs are largely attributed to improvements in the legal framework, developed under the initiatives of political parties.

**Comparative Analysis.** A comparative analysis of international experiences reveals that, unlike in many developed countries where political parties have direct platforms for engagement with the business community, the institutionalization of political parties' involvement in the economic sphere in Uzbekistan is still insufficiently developed. In many advanced economies, political parties maintain direct communication channels with business circles, whereas in Uzbekistan, such processes have not yet been systematically established.

Statistical data analysis shows that over the past three years, the number of business entities in Uzbekistan has increased by 18%. One of the key drivers of this growth has been the legislative initiatives of political parties and their proposals aimed at liberalizing the business environment. Notably, between 2021 and 2024, the volume of credit allocated to small and medium-sized businesses increased by 1.5 times, and the scope of tax incentives expanded.

The research findings indicate that despite positive progress, there is still a need to strengthen the interaction between political parties and business entities. In particular, it is crucial to enhance the mechanisms of direct cooperation between regional party organizations and entrepreneurs, developing practical proposals based on their specific needs.

In summary, the active participation of political parties in socio-economic processes and their initiatives to support entrepreneurial activities play a vital role in ensuring sustainable economic development. Moving forward, it is recommended that political parties establish regular and transparent communication platforms with the business community to make these interactions more systematic and effective.

**Conclusion.** In the process of ongoing economic reforms in the Republic of Uzbekistan, the role and influence of political parties in supporting entrepreneurial activities are of great importance. Based on the findings of this study, the following conclusions have been drawn:

Support for entrepreneurship in political party programs – Political parties operating in Uzbekistan have paid special attention to the development of entrepreneurship, particularly the support of small and medium-sized businesses, in their program documents. This serves as a key factor in ensuring economic growth and creating new jobs in the country.

Strengthening cooperation between political parties and business entities – Analyses show that enhancing collaboration between political parties and business entities can improve the effectiveness of economic reforms. In this regard, regular communication between parties and entrepreneurs, studying their challenges, and offering solutions are of great significance.

Enhancing mechanisms for direct engagement by regional party organizations – It is essential to strengthen the mechanisms for regional party organizations to directly work with business entities. This, in turn, will contribute to increasing economic activity at the local level and improving the business environment.

Based on the above conclusions, the following recommendations are proposed:

Establishing regular dialogue platforms between political parties and entrepreneurs – Strengthening cooperation through these platforms will allow for identifying the needs and challenges of entrepreneurs and developing appropriate solutions.

Promoting legislative initiatives to support entrepreneurship – Political parties should advance legislative initiatives aimed at fostering entrepreneurship and improving existing laws to enhance the business environment.

Strengthening direct engagement by regional party organizations with business entities – It is necessary to intensify efforts in studying and addressing the challenges faced by business entities at the regional level.

Adapting best practices from developed countries – Studying the experience of political parties in developed countries in supporting entrepreneurship and adapting these approaches to Uzbekistan's conditions can lead to more effective strategies.

In conclusion, implementing the above measures is crucial to increasing the socio-economic impact of political parties in supporting entrepreneurial activities. This, in turn, will contribute to ensuring sustainable economic growth in the country and improving the living standards of the population.

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