THE INTRODUCTION OF THE MARKET ECONOMY DURING THE YEARS OF INDEPENDENCE AND THE IMPORTANCE OF YOUTH ENTREPRENEURSHIP IN SOCIETAL

Development.

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Abstract. This article examines the development of the market economy in Uzbekistan during the years of independence and the role of youth entrepreneurship in ensuring employment. The study highlights that population growth and the increasing share of youth have intensified the need to expand entrepreneurial activity. Based on a historical analysis of economic reforms from 1991 to 2023, particular attention is given to recent liberalization processes and post-pandemic recovery, which have positively influenced the business environment. The findings show that youth entrepreneurship is a key driver of job creation, economic growth, and social stability.

Keywords: Youth entrepreneurship, employment generation, market ***economy transition, economic reforms (1991-2026), demographic growth, youth*** population, small business and private entrepreneurship, investment inflows, economic liberalization, post-pandemic recovery, Uzbekistan.

INTRODUCTION.

During the years of independence, the Republic of Uzbekistan has implemented a gradual transition to a market economy, in which the development of entrepreneurial activity has become a key priority of economic policy. In this process, particular attention has been paid to supporting small business and private

entrepreneurship as essential factors for ensuring economic growth, increasing employment, and creating new jobs. Entrepreneurship has thus emerged as a fundamental driver of sustainable economic development.

Population growth and the increasing share of youth in the demographic structure have further intensified the need to develop youth entrepreneurship. Recent statistical data indicate a significant rise in both the total population and the number of young people, making their active involvement in economic activities—especially entrepreneurship—an urgent issue. In this context, youth entrepreneurship serves not only as a factor of economic growth but also as an important tool for ensuring social stability.

An analysis of the stages of economic development in Uzbekistan shows that while the early years were characterized by strong state regulation, subsequent periods saw the gradual introduction of market mechanisms. In particular, the economic liberalization reforms initiated after 2017, along with improvements in the investment climate and business environment, have provided new momentum for entrepreneurial development. These changes have created broader opportunities for young people and increased their interest in entrepreneurial activities.

The main objective of this study is to analyze the development of youth entrepreneurship during the years of independence, its formation stages, and its role in ensuring employment on a scientific basis. The findings of the research contribute to a deeper understanding of how youth entrepreneurship can promote economic growth and enhance employment opportunities.

DISCUSSION AND RESULTS.

Entrepreneurship is defined as the process of conducting economic activity with the aim of generating profit, implementing innovative ideas, and introducing new products or services to the market. In the conditions of transition to a market economy, the development and support of entrepreneurial activity are considered key factors. Entrepreneurship serves as a fundamental pillar of economic development in any country.

The growth of the population and the rejuvenation of demographic structure further increase the importance of youth entrepreneurship. In particular, in 1991 the population of Uzbekistan amounted to 20.857 million people, of which 6.523 million were young people aged 14–30. By 2021, the population reached 34.559 million, while the number of youth increased to 9.79 million. By 2025, the total population reached 37.543 million, with the youth population exceeding 10 million[1].

Youth entrepreneurship has also been widely studied globally. For instance, L.I. Grosheva emphasizes that youth entrepreneurial activity plays a crucial role in the national economy, especially in transition economies, where young entrepreneurs contribute to the formation of a new entrepreneurial class. Their ability to adapt quickly to market conditions and mobilize resources is particularly significant. Similarly, G.T. Lemmon highlights the increasing participation of women in entrepreneurship in Asian countries, emphasizing its role in promoting gender equality and enhancing socio-economic development[2].

Currently, interest in entrepreneurial activity among young people is steadily increasing. According to sociological surveys, every third young individual expresses a desire to engage in entrepreneurship[3]. This trend is closely linked to the opportunities created by the state to support youth initiatives.

The economic transformations in Uzbekistan can be divided into five main stages:

The first stage (1991–1995) is characterized as the period of economic isolation. During this time, the economy was largely protected by the state, and efforts were made to adapt it to market conditions. Foreign trade was strictly

1 O‘zbekiston Respublikasi Davlat statistika qo’mitasi joriy arxivining 1991-2021 yillarga oid ma’lumotlar. http:// stat.uz

2 Lemmon G.T. Women Entrepreneurs in Asia: Driving Economic Growth. – Washington: World Bank / Council on Foreign Relations Reports, 2010.

3 Валиев М. Молодежное предпринимательство — движущая сила прогресса // Народное слово. – 2026. – №39.

controlled, resulting in an economic decline. GDP decreased from 13.68 billion USD in 1991 to 10.56 billion USD in 1995, representing a 22.8% decline[4].

The second stage (1996–2003) marks the beginning of reforms. This period involved gradual transition to a market economy, focusing on economic stabilization, development of market infrastructure, and deepening privatization processes. As a result, the economy began to grow, with an average annual growth rate of 4%, and GDP reached 18.2 billion USD by 2003.

The third stage (2004–2016) represents the period of accelerated economic growth. During these years, Uzbekistan experienced stable and rapid economic development, with GDP growth exceeding 8% annually[5]. By 2015, GDP reached 86.1 billion USD[6], and the population grew to approximately 31 million[7]. However, discrepancies between official and market exchange rates somewhat affected the accuracy of these figures.

The fourth stage (2017–2020) is defined as the period of new reforms under a new government. Under the leadership of Shavkat Mirziyoyev, economic liberalization accelerated, and several internal economic problems were addressed, including currency market distortions and cash shortages. Foreign investment inflows increased significantly. In 2019, for the first time, direct investments reached 4.2 billion USD, which was 3.7 times higher than in 2018[8]. The share of investment in GDP reached 37%, and GDP increased to 57.9 billion USD.

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4 Baxriddinov O. J. **“**Sobiq sovet tuzumidan qolgan iqtisodiy meros, mustaqillik yillarida amalga oshirilgan iqtisodiy islohotlar va bozor huquqiy munosabatlarining shakllanishi” муғаллим ҳәм үзликсиз билимлендириў илимий-методикалық журнал № 6/3-сан- 2024 ISSN 2181-7138 283-bet

5 World bank group, Uzbekistan: On the Path to High-Middle-Income Status by 2030, 2016. URL:https://www.worldbank.org/en/results/2016/04/13/uzbekistan-on-the-path-to-high-middle-income-status-by-2050 (murojaat sanasi:20.10.2024)

6 Jahon banki hisboti. URL:https://www.worldometers.info/gdp/uzbekistan-gdp/? (Murojat e’tilgan sana:17.09.2025)

7 Doimiy aholi soni (jami)/Численность постоянного населения (всего)/Permanent population-Total https://api.siat.stat.uz/media/uploads/sdmx/sdmx_data_246.pdf? (Murojaat qilingan sana:17.09.2025)

8 Mirziyoyev Sh.M:”Oliy Majlisga Murojaatnomasi”T.,2018

The fifth stage (2021–2023) corresponds to the post-pandemic recovery period. During this time, the economy demonstrated stable growth: GDP increased by 7.4% in 2021, 5.7% in 2022, and approximately 6% in 2023. By the end of 2023, GDP reached 90.89 billion USD, and GDP per capita amounted to approximately 2,468 USD[9].

In general, these stages demonstrate that economic reforms in Uzbekistan have created favorable conditions for the development of entrepreneurship, particularly among youth. As a result, youth entrepreneurship has become an important factor in ensuring employment, stimulating economic growth, and strengthening social stability.

CONCLUSION. The study shows that the transition to a market economy in Uzbekistan has created favorable conditions for the development of entrepreneurship. Demographic growth, particularly the increasing share of youth, has made youth entrepreneurship a key factor in ensuring employment.

The findings confirm that youth entrepreneurship plays an important role in job creation, economic growth, and social stability. Therefore, its further development requires continued support, improved access to finance, and the strengthening of entrepreneurial skills.

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