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Article

Theoretical and Practical Foundations of a Segmented Approach to Small Business Development

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Abstract: This article explores the theoretical and practical foundations of a segmented approach to small business development with a focus on regional characteristics. It emphasizes the importance of designing region-specific development strategies by considering differences in economic conditions, resource potential, demographic characteristics, infrastructure, and institutional environment. The study analyzes the key factors influencing small business development, classifies regions according to their development level, and proposes strategic recommendations tailored to each regional group. The findings demonstrate that a segmented approach contributes to the efficient allocation of resources, reduction of regional disparities, improvement of investment effectiveness, and promotion of sustainable economic growth. The proposed framework can serve as a practical basis for enhancing regional economic policy and strengthening the role of small businesses in socio-economic development.

Keywords: Small business development, segmented approach, regional development, regional strategy, entrepreneurship, economic growth, regional disparities, resource potential, investment policy, sustainable development.

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1. Introduction

In today's conditions of globalization and increasing economic competition, the development of small businesses is one of the priority areas of the economic policy of each country. Small businesses play an important role in creating new jobs in the economy, increasing incomes, filling the domestic market, and stimulating innovative activity. At the same time, the existence of socio-economic differences between regions shows that a single approach to the development of small businesses is ineffective.

There is an increasing need to apply a differentiated approach to the development of small businesses. A differentiated approach involves the development of individual strategies for each region, taking into account the natural and economic potential of the regions, the level of infrastructure, labor resources, investment attractiveness, and other factors. This approach makes it possible to effectively use regional opportunities, accurately identify existing problems, and develop targeted measures to eliminate them [1].

In the conditions of Uzbekistan, regions also have significant differences in terms of their level of development. In some regions, industry and service sectors are developed, while in other regions, agriculture prevails. Therefore, developing strategies for the

development of small businesses, taking into account regional characteristics, is an urgent issue

2. Materials And Methods

This will serve to rationally use economic resources, reduce regional imbalances, and ensure sustainable economic growth.

The purpose of this article is to study the theoretical and practical aspects of developing regional strategies based on a differentiated approach to the development of small businesses. To achieve this goal, the following tasks are set:

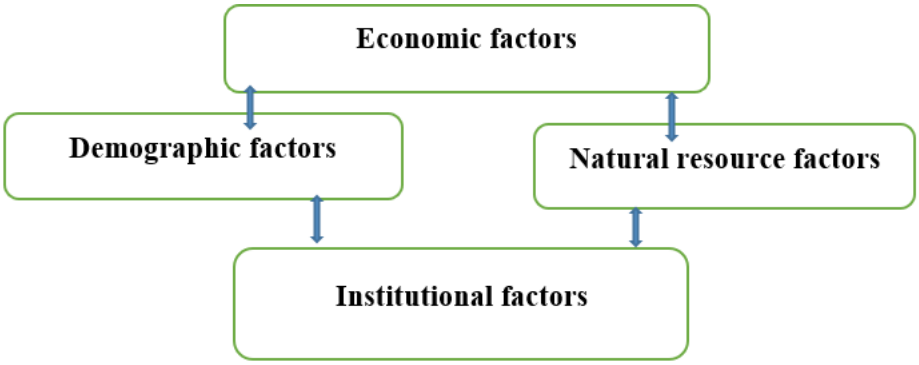
- to reveal the essence and importance of the differentiated approach;
- to analyze regional factors affecting the development of small businesses;
- to group regions by level of development;
- to develop appropriate strategies for each type of region.

The results of this study are of significant scientific and practical importance in making effective management decisions in the development of small businesses, improving regional economic policy, and ensuring sustainable economic growth.

3. Results and Discussion

Theoretically, the differential approach is based on the concepts of territorial economics and institutional economics. This approach considers each region as a separate system [2], [3].

Differences between regions are determined by the following factors:



1. Economic factors;

- level of industrial development, investment opportunities, infrastructure status

2. Demographic factors;

- population size and density, quality of labor resources, migration processes

3. Natural resource factors;

- land resources, raw material base, climatic conditions

4. Institutional factors;

- business environment, tax policy,
- level of government support

These factors are the main determinants in the development of regional strategies.

A differentiated approach is a management method that involves developing regions based on individual strategies, taking into account their specific characteristics.

Its main principles are:

- taking into account regional differences;
- choosing a development direction that is appropriate for resource potential;
- deepening specialization;
- applying targeted support measures [4].

The differentiated approach provides the following advantages in the development of small businesses:

- efficient use of resources;
- reducing regional inequality;
- increasing economic efficiency;
- clear targeting of investments

The differential approach is an important management method aimed at adapting small business development strategies, taking into account differences in the economic, social and resource potential of regions. This approach provides a number of advantages in the effective development of small businesses.

1. Efficient use of resources

Through a differential approach, the available resources of each region (labor, natural resources, infrastructure, capital) are thoroughly analyzed and areas of activity suitable for this region are developed. As a result, resources are not wasted, but are used as efficiently as possible [5]. For example, it would be appropriate to develop agribusiness in rural areas, and production in industrialized areas.

2. Reducing territorial inequality

Different regions can differ sharply in terms of their level of development. A differential approach allows you to pay special attention to less developed regions and direct additional benefits, subsidies, and infrastructure projects to them. This reduces economic disparities between regions and ensures balanced development.

3. Increasing economic efficiency

Business development based on the specialization and competitive advantages of the region increases overall economic efficiency [6]. That is, each region operates in the most profitable direction for itself, which leads to an increase in production volumes, income, and employment.

4. Clear investment targeting

A differentiated approach also makes investment policy more precise and effective [7]. For investors, the strengths and weaknesses of regions are identified, as a result of which investments are directed to areas that bring high efficiency [6]. This reduces investment risks and increases the level of return on capital.

Table 1

Advantages of the differential approach

№	Advantage name	Content	Result
1	Efficient use of resources	Analyze regional resources and develop appropriate activities	Resources are saved and efficiency is increased
2	Reducing territorial inequality	Additional attention and support to underdeveloped regions	Differentiation between regions is reduced
3	Increasing economic efficiency	Develop business based on regional specialization	Production and income are increased
4	Clearly targeting investments	Direct investments to promising areas	Efficiency and return on investment are increased

The following practical steps are important in developing a regional strategy:

Stage 1: Diagnosing regions

Each region is analyzed based on the following indicators:

• number of small businesses;

• production volume;

• employment rate;

• investment flow;

• infrastructure development.

Stage 2: Dividing regions into groups

Table 2

Grouping areas

Area type	Feature	Strategy
Developed regions	Industry and services are developed	Innovation and Export
Average regions	Resources are available but underutilized	Diversification
Underdeveloped regions	Infrastructure and capital are lacking	Government Support

Stage 3: Defining strategic directions

The fact that regional development levels differ indicates that a single approach to small business development is ineffective. Therefore, it is important to group regions based on their level of development and develop appropriate strategies for them based on a differentiated approach.

The strategy for developed regions is mainly focused on supporting the innovative economy. In such regions, the development of high-tech small businesses, expansion of export-oriented production, and financing of startup projects are identified as priority areas. As a result of these measures, high added value is created, the share of innovative products increases, and the global competitiveness of the region is strengthened.

For moderately developed regions, the strategy is aimed at fully utilizing economic potential and increasing domestic market activity [8]. In these regions, it is important to

diversify production, expand cooperative ties, and develop a cluster system. At the same time, their financial capabilities are strengthened by expanding the volume of loans and subsidies for small businesses. As a result, domestic economic activity will increase, new jobs will be created, and the stability of the regional economy will be ensured.

For underdeveloped regions, the strategy is primarily aimed at forming economic infrastructure and creating initial conditions. In particular, the development of the road and transport system, electricity supply, and digital infrastructure (Internet) is a priority. In addition, it is necessary to stimulate entrepreneurial activity by introducing tax incentives and allocating grants for starting small businesses [9]. As a result of these measures, economic activity will be restored, employment will increase, and socio-economic disparities between regions will be reduced.

The practical formulation of regional strategies based on a differentiated approach will serve to effectively develop small businesses, rationally use resources, and ensure economic balance between regions.

Table 3

Practical advantages of the differential approach

Advantage	Practical result
Efficient use of resources	Funds will be clearly targeted
Reducing regional inequality	Underdeveloped regions will be developed
Attracting investment	Clear conditions will be created for investors
Increasing employment	New jobs will be created

The economy of Uzbekistan is characterized by different levels of development across regions. In particular, regions such as Tashkent city, Andijan region, Navoi region have significant differences in terms of economic potential, resource base, infrastructure development and business environment. Therefore, it is advisable to use a differentiated approach rather than a single approach to the development of small businesses [10], [11], [12].

Firstly, in developed regions, there is an opportunity to develop small businesses that create high added value and are based on innovative activities [13]. In such regions, economic efficiency can be increased by supporting startup projects, expanding the activities of IT parks and stimulating export-oriented production.

Secondly, in moderately developed regions, the development of industrial cooperation, the integration of small businesses with large enterprises and the expansion of the service sector are of great importance. This will serve to increase regional employment and stimulate economic activity.

Thirdly, in relatively underdeveloped regions, there is an opportunity to solve socio-economic problems by supporting small businesses. In particular, new jobs can be created by developing family entrepreneurship, expanding the microfinance system, and improving infrastructure [14], [15].

Also, the following factors are important for the effective implementation of a differentiated approach in the conditions of Uzbekistan:

- comprehensive assessment of the economic potential of regions;
- clear targeting of investment resources;
- development and support of regional programs by the state;
- differential determination of tax and financial incentives for small businesses

5. Conclusions

Development of regional strategies based on a differentiated approach to small business development is of significant scientific and practical importance. This approach is based on a thorough analysis of the economic potential, resource base, infrastructure level and socio-economic characteristics of the regions and allows for the identification of appropriate and effective development directions for each region. Through a differentiated approach, it is possible to effectively use resources, reduce economic disparities between regions, clearly target investments and increase the competitiveness of small businesses. In particular, the expansion of innovative and export-oriented activities in developed regions, diversification of the industrial and service sectors in moderately developed regions, and improvement of infrastructure and strengthening of state support mechanisms in underdeveloped regions are highlighted as priority areas. In the conditions of Uzbekistan, the role of local governments, access to financial resources, introduction of digital technologies and improvement of the institutional environment stand out as important factors in the development of regional strategies. Development of regional strategies based on a differentiated approach to small business development is one of the important directions of modern economic policy. This approach allows for the formation of appropriate and effective development strategies for each region through a thorough analysis of the level of socio-economic development, resource potential, infrastructure provision and demographic characteristics of the regions. As a result, a clearly targeted, targeted and effective policy is ensured, unlike the general approach. The differential approach serves to reduce economic disparities between regions in the development of small business. In developed regions, high added value is created by supporting innovative and export-oriented activities, while in relatively underdeveloped regions, measures aimed at improving infrastructure, expanding access to financial resources and increasing employment are of priority. This helps to ensure regional balance of economic growth. In addition, strategies developed on the basis of a differentiated approach allow for a more effective organization of investment policy. That is, investments are directed in accordance with the real needs and priorities of the regions. This leads to rational use of resources, increased production efficiency and creation of new jobs. At the same time, the opportunities for increasing the competitiveness of small businesses, their modernization and involvement in innovative activities are expanding. The use of a differentiated approach is especially relevant in the conditions of Uzbekistan and requires improving strategic planning, taking into account the existing economic differences between regions. In this regard, it is important to develop comprehensive development programs based on the specialization of regions, existing natural and economic resources, logistics capabilities and labor market characteristics. In particular, by supporting small businesses in the industrial, service and agricultural sectors, it is possible to ensure sustainable growth of the regional economy. The development of regional strategies based on a differentiated approach to the development of small businesses not only increases economic efficiency, but also strengthens social stability, ensures employment and increases the competitiveness of regions. Therefore, in the future, it will be important to further improve this approach on a scientific basis, widely implement it in practice, and strengthen state support mechanisms.

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