

Development of Entrepreneurship: The Experience of Japan

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DOI : <https://doi.org/10.61796/ijecep.v2i4.77>



Sections Info

Article history:

Submitted: March 14, 2025

Final Revised: March 22, 2025

Accepted: April 07, 2025

Published: April 25, 2025

Keywords:

Japan

Entrepreneurship

SME

Tax policy

Innovation

R&D

Public-private partnership

Startup

ABSTRACT

Objective: This study examines the Japanese experience in fostering entrepreneurship, with a specific emphasis on the development of small and medium-sized enterprises (SMEs) through institutional support, innovation ecosystems, and favorable financial and fiscal policies. **Method:** The research employs a qualitative comparative analysis of Japan's entrepreneurship development framework, highlighting key mechanisms such as public-private partnerships, targeted financing, and legislative strategies. **Results:** Findings reveal that Japan's comprehensive support for SMEs has significantly contributed to economic diversification, employment generation, and export growth. The study further translates these insights into actionable recommendations for Uzbekistan, including expanding access to long-term credit, introducing enhanced fiscal incentives, promoting startup incubation, and integrating entrepreneurship education into the national curriculum. **Novelty:** The article presents a contextualized adaptation of Japan's integrated entrepreneurial model for Uzbekistan, offering a strategic framework to stimulate innovation-driven growth and competitiveness. This cross-national analysis contributes to the discourse on institutional entrepreneurship support in emerging economies..

INTRODUCTION

In the contemporary global economy characterized by rapid innovation and structural transformation, entrepreneurship is regarded as a central driver of economic growth, employment generation, and societal development. It is not merely a mechanism for income generation but a strategic tool that fosters innovation, enhances productivity, and strengthens national competitiveness. The experiences of economically advanced nations reveal that entrepreneurial development plays a critical role in expanding export potential, creating sustainable job opportunities, and supporting inclusive economic growth. In this context, Japan presents a distinctive and instructive model of entrepreneurship promotion, particularly through the development of small and medium-sized enterprises (SMEs). The Japanese government has systematically implemented long-term policies and institutional reforms aimed at supporting SMEs through targeted tax relief, access to affordable financing, and the creation of innovation-oriented infrastructures such as technoparks and startup incubators. As shown in Table 1, SMEs account for 99.7% of all enterprises in Japan, contribute to over 70% of employment, and are responsible for more than half of the country's exports. These figures underscore the sector's strategic importance in national economic planning and policy implementation. Given the socioeconomic context of Uzbekistan – marked by a growing youth population, expanding digitalization, and a government agenda centered on economic liberalization – the Japanese model offers valuable insights. This article aims

to examine Japan's entrepreneurship development strategies in detail and assess the extent to which they can be adapted to Uzbekistan's economic landscape to stimulate sustainable entrepreneurial growth and institutional reform.

Literature analysis

There is a wide range of scientific research on the development of entrepreneurship, both internationally and nationally. Japanese economic model M. It is widely analyzed in Porter's theory of "national competitive advantage", which explains the interrelationships of innovation and entrepreneurship [1]. T. Fukuyama, on the other hand, argues that institutional reforms lay on the basis of Japanese economic stability [2].

The OECD-prepared "Entrepreneurship at a Glance" report highlights specific aspects of the Japanese small and medium-sized enterprise sector and strategies to transition to digital infrastructure [3]. JETRO, on the other hand, provided the role of Japanese small and medium-sized enterprises in global trade, especially their share in exports, with statistical figures [4].

A 2023 report published by SMRJ (Small and Medium Enterprise Agency) provides information on preferential loans, guarantees and grant programs allocated to small businesses by the Japanese government [5]. The SME Policies 2023 report published by METI (Ministry of Economy, Trade and Industry) highlights the development trends of technoparks and startup incubators [6], [7].

Among Uzbek authors, Komilov D. the work entitled "activities of small and medium enterprises in an innovative economy" analyzes the modern state of the national entrepreneurial infrastructure [8]. Kadyrov A. esa cites important theoretical foundations and statistics on the impact of tax policy on entrepreneurship [9],[10].

RESEARCH METHOD

The article analyzes the economic reforms carried out in the Republic of Japan since the 1980s, programs for supporting small and medium-sized businesses, tax policies and mechanisms for the development of an innovative ecosystem, compares the Japanese small and medium-sized business sector with other Asian countries and Uzbekistan, identifies the main indicators of the Japanese economy in 2018-2023, identifies the system of variables As a method, comparative analysis, content analysis based on statistics and modeling approaches corresponding to the conditions of Uzbekistan were used.

RESULTS AND DISCUSSION

Small and medium-sized enterprises occupy a central place in the economic development of Japan. According to official data, it is small and medium-sized enterprises that make up 99.7% of all companies operating in the Japanese economy, and these enterprises provide more than 70% of employment [11],[12], [13], [14]. More than 55% of exports are carried out through small and medium-sized enterprises.

As shown in Table 1, SMEs dominate the Japanese economic landscape, reflecting the success of strategic policies in fostering this sector. This paper analyzes Japan's

mechanisms for promoting entrepreneurship and investigates their potential application within Uzbekistan's socio-economic environment (Table 1).

Table 1. The role of the Japanese small and medium-sized enterprises sector in the economy

	Indicator	Japan (2022)
1	share of small and medium-sized enterprises	99.7%
2	share in employment	70.4%
3	share in exports	55.2%
4	number of Technoparks	200+

(Table 1 compiled by the author)

The Japanese government has implemented measures in the following key areas to encourage small and medium-sized enterprises:

1. Newly established business entities will be given relief for profit tax up to 2-3 years, investment tax credits, discounts for technological renewal will be organized [15], [16].
2. Small interest loans are provided to business entities through the SMRJ of Japan (Small and Medium Enterprise Agency), targeted bailouts and subsidies through Shoko Chukin Bank;

In addition, the Japanese government directly controls the financing of small businesses through Shoko Chukin Bank, increasing confidence in entrepreneurship in the banking system [17], [18]. As of 2022, 1.2% of the Japanese state budget is focused precisely on the development of entrepreneurship.

As indicated in Figure 1, the number of university-affiliated startups increased from 1,749 in 2014 to 4,288 in 2023, reflecting a strong national commitment to linking research, education, and innovation (Figure 1).

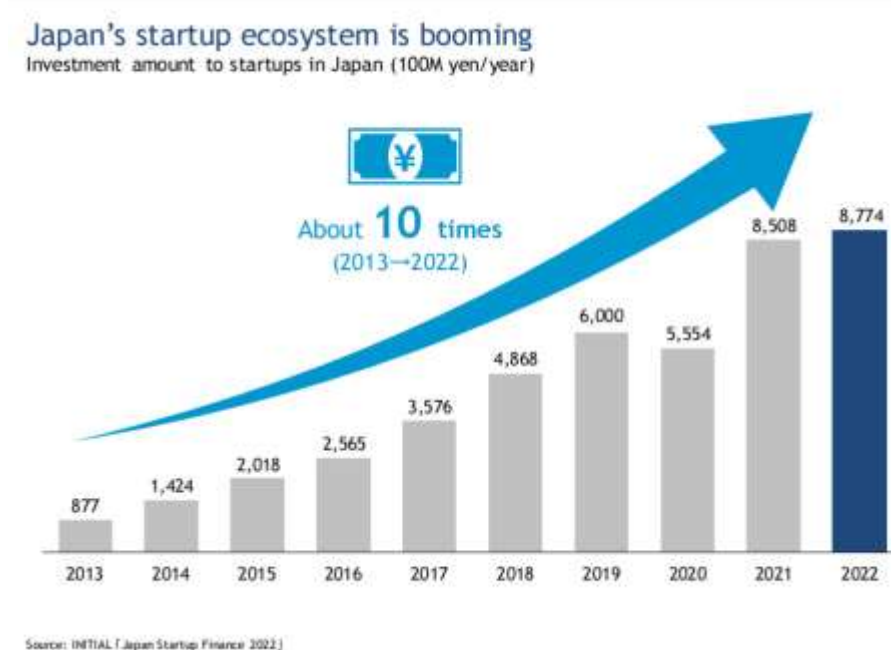


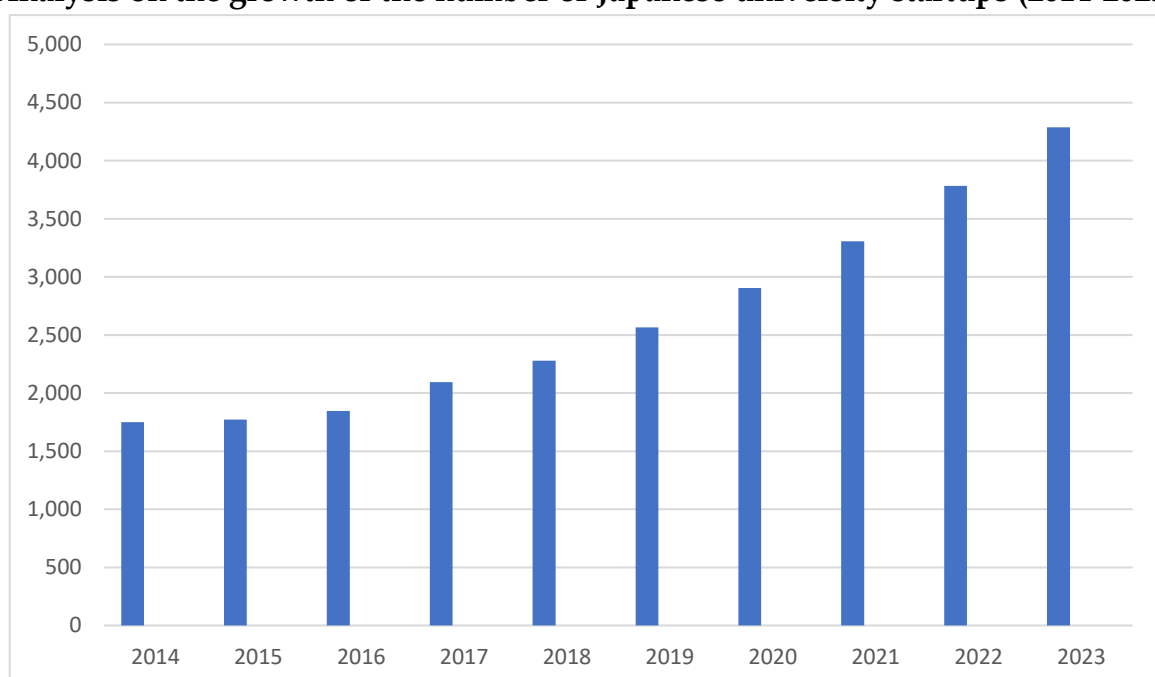
Figure 1. Growth of The Startup Ecosystem in Japan (2013-2022)

The rapid growth of the startup ecosystem shows the effectiveness of the policy of the Japanese government to support innovative entrepreneurship [19], [20], [21], [22]. This growth also meant an increase in investor confidence in startups in Japan.

Since 2006, Japan has established training programs that teach economic literacy and innovative thinking, starting from the preschool stage. Regular seminars and trainings for entrepreneurs are held, which are supported by experienced business mentors [23], [24], [25].

By involving small and medium-sized enterprises in cooperation with universities, directing them to R & D activities, Technopark and startup centers were established. "challenge! Under the national program" Startups", courses of acceleration are held for young people.

Analysis on the growth of the number of Japanese university startups (2014-2023)



Manba: https://www.meti.go.jp/policy/innovation_corp/startups/reiwa5_vc_cyousakekka_houkokusyo_r.pdf

As can be seen from the graphics, the number of university startups in Japan has grown significantly in the period from 2014 to 2023. As of 2014, the number of university startups was only 1,749. In 2023, it had grown to 4,288, a 2.5-fold increase [26], [27]. Annual growth trends, on the other hand, are almost regular growth each year. Especially after 2017, the growth rate has accelerated: 2017 (2,093) → 2019 (2,566) → 2020 (2,905). In 2021-2023, however, growth has accelerated further, with the highest level recorded in 2023.

CONCLUSION

Fundamental Finding : This study confirms that Japan's success in fostering entrepreneurship stems not only from financial support mechanisms but also from a robust institutional framework, legal stability, educational integration, and a strong

entrepreneurial culture. **Implication** : The findings suggest that by adopting a holistic approach—expanding long-term financing options, extending tax incentives, fostering innovation through incubators and grants, and embedding entrepreneurship education—Uzbekistan can significantly enhance its entrepreneurial infrastructure and drive sustainable economic development. **Limitation** : However, the research is limited by its focus on macro-level policy analysis and does not encompass empirical evaluation of implementation challenges or regional disparities within Uzbekistan. **Future Research** : Further studies should involve empirical case analyses of pilot projects in various Uzbek regions to assess the effectiveness of adapted Japanese strategies and explore localized barriers to entrepreneurial success.

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