

**IMPROVING THE TRANSPORT AND LOGISTICS SYSTEM FOR SMALL BUSINESS DEVELOPMENT**

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**Abstract:** The development of small businesses can be significantly enhanced through the improvement of transport and logistics systems. In modern economic conditions, supply chains play a crucial role in production, trade, and service delivery. Therefore, the efficiency of transport logistics has become an important factor for small business performance. The study examines transport logistics operations in production, trade, and service sectors, including freight and passenger transport as well as logistics center activities. The research highlights the relevance of improving logistics infrastructure to support sustainable small business growth.

**Keywords:** transport logistics system, small business activity, freight transport, passenger transport, logistics costs, logistics centers.

**Introduction**

The unified transport system of Uzbekistan includes road, air, rail, water, electric transport, metro systems, and related infrastructure. This research focuses on improving transport logistics within small business operations, with particular attention to road, rail, and air transport as well as logistics infrastructure.

Transport logistics serves as an integrative component connecting procurement, production, distribution, and warehouse logistics. The improvement of this system contributes to cost reduction and enhances operational accuracy, leading to stronger economic performance for small businesses. The main principles of transport activities include legality, safety, environmental sustainability, accessibility, transparency, and openness. Implementing these principles is especially important for small business entities.

Small businesses are often established by individuals with limited financial resources or those entering entrepreneurial activity for the first time. While the economic impact of a single small enterprise may appear limited, the aggregate effect of the sector is significant. The national objective of increasing the share of small businesses in GDP to 55% highlights the importance of analyzing key development factors, including transport logistics system.

**Literature Review**

Theoretical and practical aspects of logistics have been widely studied in academic literature. Among national researchers, Ya.K. Karriyeva emphasizes that the sustainable development of small business entities largely depends on the effective use of transport and logistics services. According to her, the development of logistics infrastructure contributes to reducing production costs, ensuring timely and high-quality product delivery, and strengthening the competitiveness of small businesses (Karriyeva, 2018)[1]. Therefore, logistics is considered an essential structural component in organizing small business activities.

This view is consistent with A.Sh. Bekmurodov’s approach, who substantiates the role of small business in economic stability and highlights its contribution to competitive market formation and GDP growth (Bekmurodov, 2020) [2]. In this context, the development of logistics systems

<b>36</b>	ISSN 2277-3630 (online), Published by International journal of Social Sciences & Interdisciplinary Research., under Volume: 15 Issue: 02 in February-2026 <a href="https://www.gejournal.net/index.php/IJSSIR">https://www.gejournal.net/index.php/IJSSIR</a>
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accelerates production and distribution processes, enabling small businesses to expand their market presence.

Similarly, V. G‘ofurov underlines transport and logistics infrastructure as a key element of small business development. He argues that the effectiveness of small business operations is closely connected with transport, financial, and information infrastructures, while logistics services ensure continuity of product movement and strengthen market linkages (G‘ofurov, 2017)[3].

These perspectives align with the theoretical framework proposed by V.I. Sergeev, whose work *Logistics* provides a comprehensive understanding of modern logistics and supply chain management. Sergeev views logistics as an integrated system aimed at optimizing material, information, and financial flows and emphasizes its strategic role in enhancing firm competitiveness[4]. His differentiation between strategic and operational logistics, as well as the importance of outsourcing solutions such as 3PL and 4PL, highlights the relevance of logistics for small business efficiency and market expansion.

Overall, the reviewed literature confirms that the development of transport-logistics systems plays a decisive role in improving cost efficiency, service quality, and competitive positioning of small business entities, particularly under conditions of digitalization and globalization.

### Analysis and Discussion

Small businesses rely on transport and logistics systems to deliver goods and services to customers efficiently and on time. Logistics centers enable firms to store and distribute products effectively, improving warehouse management and inventory control. Timely delivery is essential for customer satisfaction and loyalty, making efficient logistics a critical competitive factor. An effective transport and logistics system contributes to cost reduction by optimizing transportation routes and improving warehouse management. This allows small businesses to better control operational expenses. In addition, advanced information systems enable real-time shipment tracking and management, helping firms reduce risks and improve reliability. Efficient logistics systems ensure the rational use of time, financial resources, and human capital. The adoption of modern technologies - such as GPS tracking, artificial intelligence for logistics planning, and automated data processing—enhances operational efficiency. These technologies enable transport vehicles to increase load capacity while reducing fuel consumption and other resource expenditures. Given the limited financial resources of small businesses, efficient utilization of transport assets plays a significant role in cost savings. Lower transportation costs reduce the overall production or service cost, allowing small businesses to gain competitive advantages. Effective transport management supports stronger market positioning and long-term sustainability.

Modern consumers expect fast and reliable delivery. Therefore, providing high-quality and timely logistics services is essential for small businesses. On-time delivery improves customer satisfaction and trust, while service reliability becomes a key factor in retaining existing customers and attracting new ones. The main directions of state policy in the transport sector include the development and implementation of national transport programs, strengthening the role of transport as a strategic sector of the economy, and improving the competitiveness, accessibility, efficiency, quality, safety, and environmental sustainability of transport services. In addition, policy priorities focus on improving transport sector governance, ensuring coordination among different transport modes, implementing effective tariff policies, promoting public–private partnerships, adopting innovative information and communication technologies, developing workforce skills, and expanding international cooperation to integrate the national transport system into global networks.

In Uzbekistan, the transport sector is considered a fundamental pillar of national economic development, supporting regional integration, trade expansion, and transit potential. The strengthening of regulatory and institutional frameworks has played a crucial role in accelerating

transport and logistics modernization. In particular, the 2025 presidential policy initiative[5] aimed at advancing the national transport and logistics system established strategic priorities such as infrastructure modernization, digital transformation of logistics processes, expansion of multimodal transport, and improvement of supply chain efficiency. This regulatory framework contributes significantly to reducing logistics costs, improving service quality, and enhancing small business competitiveness.

In addition, the 2025 government resolution[6] on the development of transport and logistics centers and transit transport corridors emphasizes the expansion of logistics hubs and strengthening of transit routes as key mechanisms for improving regional connectivity. The policy underlines Uzbekistan’s growing role as a transit country, facilitating trade flows and improving access to international transport corridors, which supports export growth and economic diversification.

Together, these policy measures create an institutional environment that promotes logistics integration, infrastructure development, and increased operational efficiency across transport modes.

As a result of these reforms, Uzbekistan has experienced modernization of road and rail infrastructure, liberalization of the air transport market, and development of logistics centers and multimodal transport systems. These improvements contribute to enhanced transit capacity, expanded foreign trade turnover, and reduced transportation costs for small businesses.

State regulation of the transport sector is carried out through licensing, certification, permitting and notification procedures, technical regulation, implementation of scientific and technological policy, taxation, tariff regulation (including socially significant transport services), and monitoring compliance with transport legislation. Regulatory measures also include workforce policy development and other legal instruments aimed at ensuring sector stability.

At the same time, government authorities and officials are not permitted to interfere in the operational activities of transport organizations or assign unrelated tasks to their employees, except in cases of natural or technological emergencies or officially declared emergency situations.

An efficient transport and logistics system enables small businesses to deliver goods and services faster and at lower cost, thereby improving their market competitiveness. Continuous and effective implementation of transport logistics contributes to economic growth, strengthens international cooperation, and satisfies consumer demand. In today’s rapidly evolving global economy, transport logistics plays a critical role in ensuring the movement of goods and services across markets.

Ensuring continuity within the transport logistics system implies uninterrupted and well-planned movement of goods, raw materials, and services. Such continuity guarantees timely production processes, prevents inventory accumulation in warehouses, and ensures on-time delivery to customers. To achieve this, transport routes, terminals, warehouses, and payment systems must be reliable and integrated. Strong coordination among rail, road, air, and maritime transport modes is essential for effective multimodal logistics operations.

Transport logistics also requires coordinated planning and management among all participants in the transport complex. This includes monitoring the movement of passengers, baggage, freight, postal, and courier shipments at each stage of transportation. The key tasks of transport logistics involve ensuring technological integration across transport modes, implementing unified transport planning schedules, developing transport corridors and logistics chains, maintaining technological integration between transport and warehousing processes, identifying optimal delivery routes, and selecting appropriate transport modes.

Freight transportation holds strategic importance in the global economy as it supports international trade, industrial cooperation, and uninterrupted supply chain operations. According to World Bank estimates [7], the global transport services market reached approximately USD 4.9 trillion in 2025, with more than 115 billion tons of freight and over one trillion passengers transported

annually. Employment in the sector exceeds 105 million people worldwide, highlighting the sector’s economic significance.

**Table 1. Factors Affecting Freight Transport Efficiency and Competitiveness**

<b>№</b>	<b>Factors</b>	<b>Key Elements</b>
1	Technological innovation	ITS, automated freight platforms, GPS optimization, AI management, energy-efficient tech
2	Economic factors	Energy prices, labor costs, demand–supply balance, tariffs, exchange rate & inflation
3	Legal & state support	Subsidies, tax incentives, licensing reforms, national policy, PPP projects
4	Logistics infrastructure	Terminals & warehouses, road connectivity, logistics centers, storage systems, 3PL/4PL
5	Market demand	Speed & safety expectations, customization, customer-oriented strategies
6	Organizational factors	Digital management, internal logistics coordination, clustering, transport strategies
7	Environmental factors	Eco transport, carbon reduction, renewable energy
8	Competitive environment	Competitor strategies, market entry, multimodal integration
9	External trade growth	Trade integration, transport corridors, export–import dynamics
10	Social factors	Workforce skills, labor conditions, logistics culture

In Uzbekistan, systematic reforms are being implemented to develop freight transport infrastructure, modernize logistics systems through digital and innovative technologies, and improve service quality. However, several challenges remain, including insufficient effectiveness of organizational and marketing mechanisms, limited integration of logistics chains, and restricted access to international transport corridors, all of which reduce competitiveness. The effective implementation of these reforms will strengthen the competitiveness of rail transport and enhance its economic returns, creating a solid foundation for sustainable sector development.

Table 1 above demonstrates that freight transport efficiency and competitiveness are influenced by a combination of technological, economic, institutional, infrastructure, and market-related factors. Technological innovation, including intelligent transport systems, automation, and artificial intelligence, enhances operational accuracy and reduces logistics costs. Economic variables such as energy prices, labor costs, and tariff policies directly affect the affordability and sustainability of transport services. Institutional and legal frameworks, supported by government policies and public–private partnerships, create favorable conditions for infrastructure modernization and logistics market development. Infrastructure factors, particularly logistics centers, multimodal networks, and advanced warehousing systems, improve supply chain coordination and service reliability.

Furthermore, market demand emphasizes the growing importance of delivery speed, customization, and service quality, which shape logistics strategies of small businesses. Organizational and managerial factors contribute to efficient coordination among supply chain participants, while environmental and competitive dynamics encourage innovation and sustainable transport solutions. The expansion of external trade routes and international corridors strengthens global integration, and social factors such as workforce skills influence operational effectiveness.

Modernization of railway infrastructure, improvement of its technical and technological indicators, opening new routes, and establishing additional logistics centers play a decisive role in enhancing competitiveness. Infrastructure stability serves as a key guarantee of high-quality service

provision. The adoption of modern logistics technologies and the use of 3PL and 4PL service providers are essential for improving railway transport efficiency. These solutions enable optimization of freight operations, faster delivery, and cost reduction.

Adapting tariff policy in railway transport to market conditions and future demand represents another important factor for increasing competitiveness. Transparent and fair tariff structures contribute to improved service quality and attract customers.

Targeted government policy measures—including financial support, tax incentives, and regulatory reforms—are critical for railway transport development. Public investment in infrastructure modernization and logistics system support strengthens transport competitiveness and promotes sustainable growth.

In modern economic conditions, leveraging the environmental advantages of railway transport and implementing innovative solutions ensure compliance with international standards and support long-term success. The coordinated implementation of these measures enhances competitiveness, improves economic efficiency, and strengthens the position of railway transport in international markets while supporting environmental sustainability. Based on operational needs related to goods and transport flows, both international and regional transport logistics centers can be established within Uzbekistan. These centers provide comprehensive services including storage, processing, packaging, distribution, and maintenance of transport vehicles. Additionally, they offer integrated services such as customs clearance, logistics operations, phytosanitary and veterinary control, sanitary and epidemiological inspection, environmental monitoring, certification, and other legally permitted export–import services.

In international logistics centers, services are organized according to the “single window” principle, integrating customs, border control, logistics, laboratory testing, phytosanitary, veterinary, sanitary, environmental, and certification services. These centers facilitate transport control procedures, customs operations, and border processes for goods and vehicles crossing national borders. Regional logistics centers focus on storage, processing, packaging, distribution, and maintenance services within the domestic market. Standard requirements for equipping logistics centers with modern equipment and technologies are approved by the Cabinet of Ministers of Uzbekistan. To summarize the key challenges in improving the transport and logistics system for small business development and to identify practical solutions, the main problems and policy-oriented measures are presented in Table 2.

**Table 2. Problem–Solution Model for Transport and Logistics System Improvement.**

<b>№</b>	<b>Problem</b>	<b>Solution</b>
<b>1</b>	High logistics costs	Route optimization, digital platforms
<b>2</b>	Weak infrastructure	Infrastructure modernization
<b>3</b>	Limited corridor access	Transit corridor expansion
<b>4</b>	Low logistics integration	Multimodal transport, SCM
<b>5</b>	Low digitalization	AI, GPS, automation
<b>6</b>	Financial constraints	PPP, subsidies
<b>7</b>	Tariff inefficiency	Transparent tariff reform
<b>8</b>	Limited logistics hubs	Logistics center expansion

The analysis indicates that high logistics costs, infrastructure constraints, and limited integration of logistics chains remain major barriers to improving delivery efficiency and competitiveness. Addressing these challenges through route optimization, infrastructure modernization, multimodal transport development, and digital transformation creates favorable

conditions for strengthening logistics performance and expanding small business participation in domestic and international markets.

Furthermore, an analysis of the experience of developing and implementing innovative products in transport logistics reveals several systemic shortcomings in Uzbekistan. In particular, human factors significantly influence operational performance, affecting both system users and vehicle drivers. In addition, insufficient attention has been given to innovation aimed at integrating warehouse operations with transport assets, which constrains effective supply chain coordination and limits the widespread adoption of advanced logistics technologies[8]. These findings emphasize the need for innovation-oriented logistics management and deeper digital integration across transport and warehousing systems.

Building on the identified challenges related to limited digital integration and coordination between transport and warehouse operations, modern system integration approaches provide a practical solution for improving logistics performance.

In particular, modern integration approaches such as application programming interfaces (APIs) play a significant role in strengthening the interoperability of logistics platforms and transport management systems. The flexibility and scalability of APIs enable seamless data exchange between transport operators, logistics centers, and warehouse management systems, thereby improving delivery accuracy and operational transparency. As a result, logistics enterprises are increasingly adopting API-based solutions to enhance digital integration, optimize resource utilization, and support the expansion of multimodal transport services.[9] For small business entities, the implementation of such integration mechanisms facilitates real-time tracking, automated inventory management, and improved coordination between transport and warehousing processes. Consequently, digital integration through API-based solutions contributes to reducing logistics costs, improving service quality, and strengthening competitiveness within both domestic and international markets.

In conclusion, the system for developing and implementing state transport programs in Uzbekistan is grounded in strategic planning, institutional coordination, and diversified financing mechanisms. This framework supports efficient resource utilization and contributes to sustainable economic growth.

However, despite clearly defined strategic priorities, the practical effectiveness of transport policy depends on further improvement of institutional, financial, and governance mechanisms. Therefore, strengthening innovation capacity, accelerating digital transformation, and enhancing logistics integration remain critical priorities. The development of evidence-based scientific and practical solutions aimed at improving resource efficiency and logistics performance is essential for ensuring the long-term competitiveness of the transport and logistics sector and supporting small business development.

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<b>41</b>	ISSN 2277-3630 (online), Published by International Journal of Social Sciences & Interdisciplinary Research., under Volume: 15 Issue: 02 in February-2026 <a href="https://www.gejournal.net/index.php/IJSSIR">https://www.gejournal.net/index.php/IJSSIR</a>
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