



# INTERNATIONAL EXPERIENCE OF FINANCIAL SUPPORT FOR BUSINESS ENTITIES IN THE INNOVATION ECONOMY (THE CASE OF AUSTRALIA)

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Article history:	Abstract:
<b>Received:</b> 14 <sup>th</sup> September 2025	This article substantiates the importance of using the Australia's experience in developing financial support for business entities in order to promote the growth of an innovation economy in Uzbekistan. Based on the Australian practice, the scientific and theoretical conclusions of Australian, CIS (Russian), and local scholars have been analyzed. The key elements of the Australia's experience have been examined, and the country's position in the 2024 Global Innovation Index has been reviewed.
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## INTRODUCTION

In Uzbekistan, which is trying to enter the global market with its competitive national brands and gain a strong position in it, significant positive progress has been made in recent years on the path to the transition to an innovative economy, with special attention paid to increasing the role of business entities, in particular small and medium-sized businesses (SMEs). SME entities are the drivers of the economy, and in 2024, their share in GDP was 54.3%, in the volume of industrial production - 32.4%, in the volume of investments in fixed assets - 51.8%, in trade turnover - 84.0%, in the volume of services provided - 57.0%, and in the volume of exports of products (works and services) - 33.3%, as well as their share in total employment - 74.5% [2].

Based on the foregoing, it can be said that in the context of the transition to an innovative economy in our country, support for business entities, in particular financial support, is extremely necessary, and in this regard, the study and effective use of the experience of developed countries, especially the experience of Australia, is of current importance.

## RESEARCH OBJECTIVES AND METHODS

The purpose of the research is to study the financial support of business entities in the context of an innovative economy in Australia, one of the developed countries of the world, and to develop conclusions on the use of the experience of this country in Uzbekistan, the achievement of which largely depends on the correct and effective use of research methods.

The article is based on the requirements of IMRAD and uses five research methods: scientific-theoretical analysis, theoretical-practical analysis, economic-statistical analysis, online analysis, and comparative analysis. The method of scientific-theoretical analysis was used in the section "Review of Literature on the Topic," and the methods of economic-statistical and comparative analysis were used in the section "Analysis and Results." Theoretical-practical and online-analysis methods were used in both parts of the article.

The necessary information for the article was collected based on the use of Google, Google Scholar, and Yandex search engines, as well as an international report on the Global Innovation Index published in 2024.

In the preparation of the article, an attempt was made to use data at a high level of efficiency, to observe the principles of logical sequence, consistency, and coherence, as well as not to use the "copy-paste" method, which contradicts the requirements of anti-plagiarism, which contributed to achieving the research goal.

## LITERATURE REVIEW ON THE TOPIC

The Australian experience of financial support for business entities in the innovation economy (Innovation Economy, Innovatsionnaya ekonomika) has been studied by many Australian, CIS countries (Russia) and local scientists, and below we will briefly dwell on the opinions and conclusions of some of them.

According to Australian researchers Patrick Lenaine, Christine Lewis, and Ben Westmore, the



Australian experience in financial support for business entities is based on cooperation between state policy, financial markets, and innovation institutions. The Australian government provides targeted programs that encourage investment in innovation, R&D (Research and Development) and digital transformation, tax and customs benefits, and co-financing mechanisms based on mutual cooperation.

Mechanisms of financial support for business entities in the country are increasingly being harmonized with national priorities of sustainable economic and innovative growth. The Australian government is supporting not only the competitiveness of business entities but also long-term environmental and social sustainability through initiatives related to green economy, circular economy and low-carbon economy development, climate finance and ESG (E - Environment and Ecology, S - Social and G - Governance or Corporate Governance) principles.

To provide financial support to business entities in the country, such instruments as grants, preferential loans, venture capital schemes, and guarantees are used. The state compensates business entities and startups offering high-tech products and services for certain losses from its own funds in order to stimulate the inflow of funds from private investors, such as angel investors and venture capital owners.

The country's Prudential Regulation Authority (ARPA), the Reserve Bank of Australia, and the Treasury coordinate policies on financial sustainability, innovation financing, and financial inclusion. The regulatory framework ensures transparency, consumer protection, and efficient resource allocation in innovative ecosystems.

In financial support for business entities in Australia, special attention is paid to small and medium-sized enterprises (SMEs), which act as a driver of innovation and employment. State financing programs are aimed at supporting digitalization, increasing productivity, and expanding the use of capital in SMEs, which will contribute to economic diversification and stability in the country.

The innovative strategy of the country's government also has social aspects, in which attention is paid to increasing the financial literacy of socially vulnerable segments of the population, their active participation in innovative processes, and the use of digitalization opportunities. This expands inclusiveness in the innovation economy and contributes to the formation of human capital.

Patrick Lenaine, Christine Lewis, and Ben Westmore concluded that the systematic adaptation of

state policy in the country to technological innovations, environmental protection problems, and sharp changes in the global market ensures the achievement of sustainable innovative growth. The integration formed in Australia between finance, innovation, and inclusiveness serves to ensure long-term competitiveness and sustainability [3].

As described by Russian Ms. Mosolova O.V., the Australian experience in financial support for business entities in an innovative economy is based on supporting the development of investment, venture capital, and startups. Important elements of this experience include tax and customs benefits, subsidies provided to companies investing in R&D, as well as state programs for financing the innovative activities of business entities [4].

According to local scientist G. L. Yoziyev, support for entrepreneurship in Australia is carried out not only through the financial system, but also through a coordinated system of scientific, technical, technological, engineering, and commercial structures, where all participants are united into a single innovation ecosystem. The state provides financial support to business entities through grants, concessional loans, guarantees, and venture capital programs; Provides tax and customs benefits for R&D; and also centrally supports cooperation between innovation research centers and business entities [5].

In general, the conclusions of many other scientists on the Australian experience of financial support for business entities in an innovative economy can be cited, and almost all of them focus on the priority role of the state. Indeed, even in such a developed country as Australia, the role of the state in the financial support of business entities is significant, and it would be advisable to use the advanced achievements of this country's experience in the development of an innovative economy in Uzbekistan.

## **ANALYSIS AND RESULTS**

In the above part of the article, the scientific and theoretical aspects of the Australian experience of financial support for business entities in the innovation economy are studied, and in this part, we will focus on the practical aspects of this experience.

Table 1 reflects important elements of the Australian experience, which are mainly divided into four groups: direct state financing; stimulation of private investment; support for small and medium-sized businesses (SMEs); international cooperation. Based on this table, we will consider the following important features and mechanisms in the Australian experience:



- Government support: The Australian government actively supports innovation through various measures, including tax incentives, grants, subsidies, and investment incentives;
- Tax incentives: reduced tax rates and special discounts are provided for small and medium-sized businesses (SMEs) engaged in innovative activities;
- Attracting private capital: in the experience of Australia, the use of venture capital and private investment as the main sources of financing for innovative projects is extremely focused;
- Development of innovative infrastructure: the government actively invests in the development of a strong national innovation system and infrastructure to support the development of R&D (Research and development);
- Flexibility: the financial support system is constantly changing in order to adapt to real economic conditions and needs, i.e., some programs are terminated and others are launched;

**Table 1**

**Important elements of the Australian experience in financial support for business entities in an innovative economy [6]**

No	Elements	Composition	Description
<b>1. Direct government financing</b>	Australian Innovation Fund - Australia Innovation Fund	State Fund for Supporting Innovative Projects in Various Sectors of the Economy	
	Subsidy programs	Targeted support programs for business entities operating in priority sectors of the economy, such as high technologies, biotechnologies, and clean energy	
<b>2. Stimulation of private investment</b>	Tax benefits	Provision of tax benefits for business entities investing in scientific research and development	
	Venture capital	Developed system of venture financing, consisting of state support for venture funds and tax incentives for private investors	
<b>3. Support for small and medium-sized businesses (SMEs)</b>	State support programs	Financial and consulting support to stimulate the innovative activity of SMEs	
	Creation of innovative clusters	Formation of clusters and technology parks that provide access to resources and infrastructure for SMEs	
<b>4. International cooperation</b>	Attracting foreign investments	Stimulating the inflow of foreign investments into innovative projects to support the transfer of technologies and knowledge	
	International cooperation	Participation in international research projects and programs aimed at developing innovations	

- Focus on specific sectors of the economy: although Australia's economy is multi-sectoral, there is a strong focus on innovation in sectors with high growth potential, including services, mining, and agriculture using fintech technologies;

- Cluster approach: the concept of a cluster that unites enterprises and scientific organizations in order to increase the competitiveness and efficiency of business entities is actively developing.

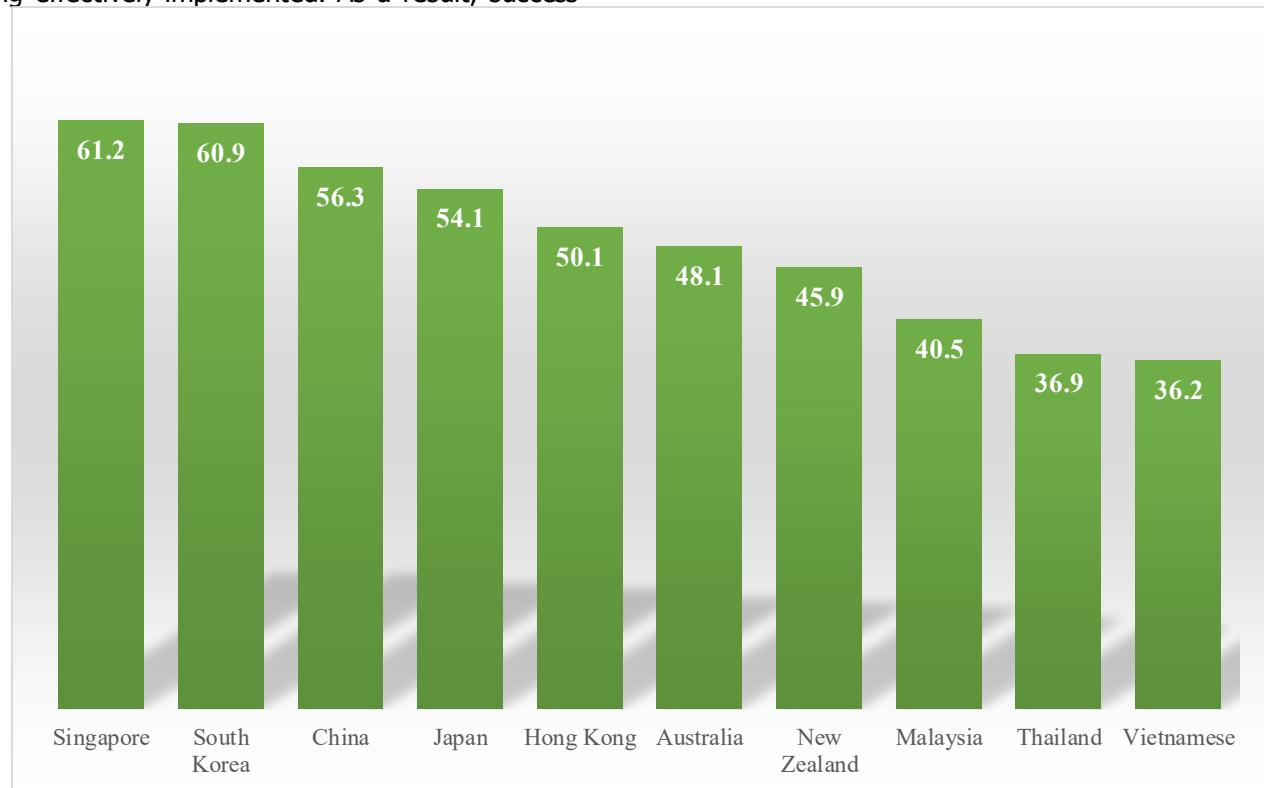
As can be seen, financial support for business entities in the context of an innovative economy has been effectively established in the country. However, to be more convinced of this, we would like to draw your attention to Figure 1.

Figure 1 shows the top 10 countries with the highest Global Innovation Index (GII) in 2024 among the countries of Southeast Asia, East Asia, and Oceania, with Australia ranking sixth (GII - 48.1). As can be seen



from this figure, the Australian experience of financial support for business entities in the innovation economy is being effectively implemented. As a result, success

factors are being observed in the country, which include:



**Figure 1. Top 10 Southeast Asian, East Asian, and Oceanian countries with the highest "GII" in 2024[7]**

- Sustainable economy: the sectoral structure of the economy, including the high-tech sector, creates favorable conditions for the development of innovations;

- Innovative environment: the innovative potential of the country, consisting of a developed scientific and technical base and competencies, provides the opportunity to support innovative enterprises;

- International relations: developed international relations contribute to the development of cooperation in the field of innovation and the attraction of large investments.

In general, the Australian experience of financial support for business entities in the innovation economy is aimed at creating a favorable investment climate and environment for innovative enterprises, including business entities engaged in innovative activities, eliminating barriers to capital use, and supporting private investments, where the participation of the state acts as a "driver" and "guarantor."

## CONCLUSION

In conclusion, the study of the Australian experience in financial support for business entities in an innovative economy is also important for Uzbekistan, which can be seen in the following:

- In Australia, special attention is paid to attracting venture capital and private investment in supporting innovation, and it would be advisable to study the experience of Australia in the development of emerging venture financing in Uzbekistan;

- In Australia, effective integration between research centers and business entities has been established, which is one of the most important conditions and factors of an innovative economy. In Uzbekistan, great attention is paid to the formation of an innovative economy through the development of such integration, and in this regard, it would be important to study the experience of Australia;

- In Australia, financial support for business entities in the innovation economy is carried out within



the framework of the national innovation ecosystem, in which the activities of structures and objects in the field of innovation are coordinated. The development of such an ecosystem in Uzbekistan is aimed at, in which the use of the Australian experience is of great importance.

In general, many more such conclusions and recommendations can be cited, and the effective and productive use of the experience of developed countries, such as Australia, in further increasing and strengthening Uzbekistan's position in the Global Innovation Index rating will certainly yield positive results in the future.

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