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STRATEGIC MANAGEMENT AND INSTITUTIONAL REFORM OF SMALL BUSINESS DEVELOPMENT IN UZBEKISTAN

***Abstract:** This paper examines the strategic management and institutional reform of the small business support system in Uzbekistan in the context of 2025 economic transformations. From an institutional perspective, the study analyzes the effectiveness of infrastructure bodies, innovation policy, financial mechanisms, and regional governance models in supporting entrepreneurship. Special attention is given to the modernization of banking mechanisms, the transformation of the Business Development Bank, expanded state co-financing instruments, digitalization of services, and innovation-driven growth strategies. The research substantiates that improving coordination, motivation, and integration between public institutions, financial organizations, and business entities increases the efficiency of small business support and contributes to sustainable economic growth, employment expansion, and competitiveness.*

***Key words:** small business, institutional reform, entrepreneurship support system, infrastructure efficiency, innovation policy, business development bank, employment, digital transformation.*

Despite the intensification of activities to stimulate the private enterprise sector, the effectiveness of government actions to support small businesses does not always correspond to the efforts made. The uncoordinated focus of actions related to meeting the needs of the region determined the task of forming a management system for small business support bodies, the solution of which is necessary for the successful development of this sector of the economy.

The following conceptual approaches should be taken into account to stimulate the formation and development small business ties:

- provide not only conditions for the functioning of the system of small enterprises operating on the basis of various forms of ownership, but also their effective and sustainable development;
- to be a dynamic system that promotes the emergence and establishment of new partnerships interacting with its components;
- be adequate to the level of development of small businesses and the needs of business structures, taking into account their sectoral and functional specialization;
- be accessible to all business structures (according to location the cost of business services and their quality, awareness of real opportunities, etc.) and provide opportunities to solve the most important problems of small business development (access to information networks, to provision of property and information support, personnel decisions problems, financial and tax consulting, etc.)

Based on this, we have formulated a strategy for the management system of small business support bodies, which consists in creating providing favorable conditions for the development of small businesses in Uzbekistan. Based on business process reengineering, we will determine the conditions and factors that have a direct impact on the successful development of small businesses.

The function of researching and updating the regulatory framework is carried out by the small business support infrastructure bodies. Management is carried out on the basis of current legislation, small business support programs and methods of analysis and research. The result of performing the function is a developed strategy and an updated regulatory framework. At the first stage, accumulated information is used to formulate a strategy. The periodically adjusted regulatory framework and action strategy govern the remaining functions. The strategy represents the most fundamental and important guidelines, plans, intentions aimed at the development of small businesses.

The function of coordinating and motivating the activities of small business support bodies involves the development of a motivating model for their activities. At this stage, missing, weak, and duplicating functions are identified. The identified functions and activities of the support bodies are then coordinated, taking into account horizontal and vertical integration, resulting in a modified structure. In addition, it is necessary to motivate business support bodies. This should be facilitated by a motivating model. The model represents the influence of motivating factors on improving the activities of small business support bodies. In this regard, coordination and motivation

Innovation policy should be aimed at the development of small businesses.

The function of promoting the attraction of innovation is carried out by entrepreneurship support bodies. In addition to the above regulatory factors, there are criteria for evaluating investment projects. The result of this function is new products, goods and services. Profit is generated through the commercialization of innovative ideas.

Function of protecting the interests of entrepreneurs. This function is carried out by the regional branch of the chamber of commerce and industry. Small business support infrastructure bodies must be involved in the implementation of all functions. Thus, taking into account the structure of a detailed model for supporting small businesses, it is possible to develop programs of priority measures aimed at creating favorable conditions for the development of small businesses.

The main direction of integrating the interests of small business and the banking sector should be strengthening their relations on a bilateral basis. The model we propose requires a change in the traditional ideology of relations between a bank and a small enterprise. These relationships presuppose the presence of clearly formulated and formally closed captive principles and obligations at all points of intersection of economic interests.

Any process of successful regional development of small business does not happen on its own. Both successes and failures hide, in addition to aggressive factors of external influence, specific decisions that reflect the strategy and tactics of change management chosen by the leadership of the region, the city and the region as a whole.

Taking into account the need to bring the research as close as possible to the practical result, we will consider the process of regional development in the context of the accompanying management process. In this context, the development process is understood as repeating cycles of four key stages:

- assessments of the current economic situation;
- developing strategic goals and objectives for the development of small businesses; identifying factors limiting the development of small businesses;
- development and implementation of strategies and measures for the sustainable development of small businesses.

In 2025, Uzbekistan continues large-scale institutional reforms aimed at strengthening the private sector and increasing the contribution of small business to national economic growth. Despite significant efforts to stimulate entrepreneurship, challenges remain in ensuring coordination among support institutions and aligning strategic goals with regional needs.

The comprehensive strategy for small business development is based on:

- creating a sustainable and innovation-oriented institutional ecosystem;
- digital integration of support services;
- expanding access to financial resources through public-private partnership mechanisms;
- strengthening accountability and performance measurement of support bodies.

In 2025, special emphasis is placed on digital governance, simplification of regulatory procedures, and introduction of performance-based evaluation mechanisms for entrepreneurship support institutions.

Therefore, the development of private entrepreneurship is not only an important factor of economic efficiency, but also of social well-being. In our opinion, the benefits given to entrepreneurs on the provision of labor resources, providing them with the necessary resources for their work process and receiving benefits through this will greatly contribute to the satisfaction and initiative in their work, and to the provision of an active way of life to all layers of the population. In addition to the benefits provided, it is necessary to mention the following suggestions:

- raising the level of knowledge and education of the population to a high level,
- high use of foreign experiences,
- creation and export of new intellectual goods,
- the formation of modern, comfortable and well-being industries can also be the basis for the development of business activities and thereby increase the level of employment.

The conclusion is that through the development of entrepreneurship, the opportunities to ensure the level of employment of the population will increase, and it will create the basis for the improvement of economic well-being in the future.

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