

**BASIC PRINCIPLES, ORGANIZATIONAL AND LEGAL FRAMEWORKS AND  
WORLD EXPERIENCE OF REGIONAL BUSINESS DEVELOPMENT**

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**ANNOTATSIYA:**

*This article analyzes the organizational and legal foundations of regional business development, their current state, and improvement directions. Regional business plays a key role in economic stability, job creation, local budget growth, and social infrastructure development. The study examines regulatory frameworks, governance systems, and business support institutions, including Uzbekistan's laws, presidential decrees, regional programs, single window services, business incubators, and industrial zones. Comparative analysis identifies differences in business environment, infrastructure, access to finance, and local government capacity across regions.*

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Regional business development is a key factor in ensuring a country's economic stability, competitiveness, and social well-being. In the context of globalization, the economic potential of regions, entrepreneurial environment, investment attractiveness, and regulatory framework determine the overall level of national economic development. In Uzbekistan, recent economic reforms, the single window system, business incubators, free economic zones, and small industrial zones support regional business growth. However, differences in infrastructure, access to credit, and management capacity across regions affect entrepreneurial activity. Global experience—such as in Germany, South Korea, Singapore, and Turkey—shows that clustering, innovation parks, tax incentives, and digitalized management systems are effective in promoting regional business. This study analyzes the legal, institutional, and economic mechanisms of regional business and provides a scientific and practical basis for improving the entrepreneurial environment in Uzbekistan.

Regional business development is a key factor in enhancing economic growth and competitiveness. It requires not only investment and financial resources but also effective interaction among regional authorities, local businesses, and society. Michael E. Porter emphasizes industrial clusters as a mechanism for regional economic development, promoting knowledge sharing, innovation, and competitive efficiency, while reducing production and logistics costs and boosting export potential. Porter's research in countries like Germany and Sweden provides a scientific basis for regional business policies. Allen J. Storper highlights the role of socio-economic factors, local culture, governance, and social networks, noting that legal frameworks—such as tax incentives, licensing, and investor protection—directly impact regional business growth. Global experience shows diverse models: Germany relies on clusters, Southeast Asia on special economic zones and startup incubators, and the U.S. uses financial subsidies, tax benefits, and advisory services for SMEs. These studies underline that clusters, socio-economic environment, and legal mechanisms together drive effective regional business development, while innovation and local context remain essential.

Regional business development is a complex process involving economic, legal, social, and organizational factors, requiring a structured methodological approach. The study

focuses on organizational and legal mechanisms that support regional business, with the subject being effective strategies and operational principles based on global experience. The research employs both theoretical and practical methods. Theoretical methods include literature review, comparative analysis, modeling, and examination of legal frameworks, analyzing the role of clusters and socio-economic environments based on scholars like Porter and Storper. Practical methods involve studying regional and statistical data, surveys, interviews, expert evaluations, and analysis of international cases such as special economic zones, startup incubators, and cluster systems. Both qualitative and quantitative approaches are combined: qualitative methods assess stakeholder perspectives and strategy effectiveness, while quantitative methods measure outcomes such as employment, investment, exports, and cluster performance. This methodology integrates theory and practice, enabling the evaluation of organizational-legal mechanisms and informing optimal regional business support strategies.

Based on the analysis of the main literature and world experience, the following model of expected results for Uzbekistan was developed:

1. Capital flows and expansion in the SME segment: If the state provides a clear legal and organizational framework for regional clusters and MEZs (tax incentives, licensing incentives, investor protection mechanisms), SME investment could increase by +30–40% over the next 3–5 years. This is a forecast based on growth trends in world experience (for example, Poland and Russia).

2. Employment and jobs: If 1,000+ small and medium-sized enterprises are attracted to the MEZ or cluster, with each enterprise creating an average of 15–20 jobs – a total of 15,000–20,000 jobs will be created. This will help to significantly increase the level of local employment.

3. Export and access to foreign markets: MEZ and cluster enterprises can make product prices competitive due to tax incentives and export preferences. As a result, export volumes are expected to increase by +25–35% in 5 years. This model is based on cases observed in the world literature in regions where MEZ and cluster policies have worked.

4. Economic integration and regional stability: If local businesses integrate, industrial and service sectors develop, the state budget and regional revenues will increase. This will allow covering local infrastructure and social costs. Forecast results were modeled based on indicators taken from world examples (investment volume, number of jobs, export growth



rates). This method used a modeling and projection approach: future scenarios were predicted by adapting existing data to the Uzbek context.

In general, regional business development is crucial for a country's economic stability and competitiveness. Effective mechanisms include clusters, special economic zones (SEZs), tax and investment incentives, and active support from local authorities. Global experience from Poland, Russia, and Southeast Asia shows that clusters and SEZs significantly boost regional economic growth, create jobs, and enhance resource efficiency. In Uzbekistan, policies such as free economic zones, tax benefits, and investment facilitation can similarly increase SME investment by 15-20% and employment by 10-15%.

Recommendations include developing clusters and SEZs to unite SMEs and foster innovation, improving legal and tax frameworks to attract investment, expanding financial support through grants and incubators, strengthening cooperation between local authorities and businesses, implementing monitoring systems to evaluate performance, and promoting innovation and technology transfer. Additionally, Uzbekistan should benchmark successful international models to adapt best practices locally. These measures aim to support sustainable regional business growth, job creation, and export potential, providing a solid scientific and practical basis for regional economic policy.

## References

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