



Principles and Criteria of Effective Management and Development of Regional Business Environment

*Davlatov Sanjar Abdimannonovich

Senior teacher, Department of "Business Management", Tashkent State Agrarian University, Uzbekistan.

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*Corresponding author: [Davlatov Sanjar Abdimannonovich](#)

Senior teacher, Department of "Business Management", Tashkent State Agrarian University, Uzbekistan.

Abstract

Currently, it is of great importance to study the principles and criteria of the development of the regional business environment and effective management. The article describes the criteria for measuring the effective management of the business environment of regions. Also, by applying these principles and criteria, the effect on the business environment of Kashkadarya region was studied.

Keywords: business environment, investment, economic growth, employment rate, social development, infrastructure, industrial base.

INTRODUCTION

In recent years, Uzbekistan's regional business environment has experienced significant changes. With rapid technological advancements, globalization, and evolving consumer behaviors, businesses operating at the regional level face new opportunities and challenges. Effective management and development of this environment are crucial for the country's economic growth, sustainable development, and social well-being.

Digital Transformation: The widespread adoption of digital technologies has revolutionized traditional business models. Automation, Artificial Intelligence (AI), and the Internet of Things (IoT) are transforming operations, making businesses more efficient and competitive.

Globalization: The interconnectedness of global markets has intensified competition and provided businesses with access to new markets and resources. For Uzbek regional businesses to remain competitive, they must adapt to global standards and practices.

Sustainability: The emphasis on sustainable development is growing. Businesses are now expected to adopt environmentally friendly practices and contribute to the social and economic well-being of their communities.

The effective management and development of Uzbekistan's regional business environment are key to enhancing economic resilience and social stability. Establishing principles and criteria to guide these businesses towards sustainable growth and development is essential due to the evolving trends and changes in the business landscape. This topic is highly relevant as it addresses current challenges and opportunities faced by regional businesses, providing a framework for their effective management and development.

The development and effective management of the business environment of the regions is very important to stimulate economic growth, attract investments and improve the quality of life in the region. Kashkadarya region, located in the south of Uzbekistan, is famous for its natural resources, industrial base and agricultural productivity. Taking into account the specific characteristics of the region, it is possible to see the main principles and criteria that can guide the development and management of its business environment.

RESEARCH METHODOLOGY

As a research methodology, the business environment, with the study of their effective management, methods such as observation, economic analysis, statistical grouping and comparative were used.

ANALYSIS AND RESULTS

Development should focus on sustainable practices that balance economic growth with environmental protection. Kashkadarya region, with its rich natural resources, must ensure that industrial and agricultural activities do not harm the environment and ensure their long-term viability.

A diversified economy is more resistant to external influences. Kashkadarya is focusing on the further development of various sectors such as agriculture, petrochemical, energy, tourism and manufacturing, which will lead to a decrease in dependence on a single industry.

The development of the business environment in the region should lead to the creation of many jobs, creating many opportunities for different segments of the population, including women, youth and young entrepreneurs. Reforms should be aimed at reducing inequality and ensuring a broad distribution of economic benefits.

In the Kashkadarya region, great attention is paid to the use of innovations and technologies. Encouraging innovation and adoption of new technologies leads to increased productivity and competitiveness. The province can invest in research and development, support start-ups and further develop cooperation between business and educational institutions. In terms of the number of small enterprises and micro-firms operating in Kashkadarya region, it took the fifth place by region (Table 1).

Table 1 - Dynamics of the number of small enterprises and micro-firms operating by region as of January 1, 2024 (without farmers and peasant farms)

Tashkent city	87458
Tashkent region	38953
Samarkand region	37398
Fergana region	36238
Kashkadarya region	27980
Bukhara region	27594
Andijan region	24381
Khorezm region	23854
Namangan region	23136
Republic of Karakalpakstan	22066
Surkhandarya region	20589
Navoi region	19539
Jizzakh region	16677
Syrdarya region	11217
Republic of Uzbekistan	417080

It can be seen from the above table that the total number of small enterprises and micro-firms operating in the regions of our Republic as of January 1, 2024 was 417,080. In terms of regions, the largest number corresponded to the city of Tashkent (87,458), and the least to the Syrdarya region (11,217).

The business environment requires robust infrastructure, including transport, energy, communication and digital networks, to develop and operate effectively. Investing in infrastructure can reduce business costs and improve access to markets.

Effective governance and transparency are essential in improving the business environment. Effective governance structures, anti-corruption measures and transparent processes are essential to attract investment and strengthen business confidence. Clear regulations, effective governance and fair enforcement create a business-friendly environment.

Public-private partnership also gives good results in the development and effective management of the business environment of the regions. Cooperation between the public and private sectors contributes to regional development. Government can create an enabling environment for doing business, while private business can attract innovation and lead to increased productivity.

The criteria for measuring the effective management of the business environment in the areas are as follows:

1) Economic growth and employment rate. The level of economic growth and employment was taken as one of the criteria for measuring the effective management of the regional business environment. This is because an efficient business environment promotes economic growth and job creation. An increase in GNP leads to a decrease in the unemployment rate in the regions and an improvement in the indicators of business development.

- 2) Investment attraction. It is difficult to imagine the effective management of the regional business environment without investments. The ability to attract domestic and foreign investment is a key indicator of a healthy business environment. This can be measured by the size and quality of investments made in the region.
- 3) Ease of doing business. Ease of doing business was cited as a criterion for measuring the effective management of the area's business environment. Business registration times are measured by factors such as the simplicity of the tax system, outside interference in doing business, and regulatory requirements. The ease of doing business of an area indicates how conducive the environment is for business operations.
- 4) Innovation and competitiveness. One of the criteria for measuring the effective management of the regional business environment is innovation and competitiveness. Indicators such as innovations introduced to improve the business environment of regions, innovative products, number of patents, expenditures on research and development and business efficiency measure the innovation potential and competitiveness of the region.
- 5) *Social development and equality. Effective governance should lead to social development, transparency in business conduct and equality. Indicators such as poverty rates, education levels and income equality show the wider impact of business development.*
- 6) Environmental stability. Another criterion for measuring the effective management of the regional business environment is the stability of the environment. The global changes taking place in the world in recent years have a negative impact on the environment. Therefore, the impact of business activities on the environment is a decisive criterion. Indicators such as carbon emissions, energy efficiency, waste management and waste recycling practices help reduce negative environmental impacts in regions.
- 7) Infrastructure quality. The existing infrastructure is important in measuring the effective management of the business environment of the regions. The quality of infrastructure can be measured by the availability and reliability of transport, energy, water and digital networks.
- 8) Governance and transparency. Another criterion for measuring the effective management of the territory's business environment is business governance and transparency. Today, many countries in the world pay great attention to management, transparency and disclosure in business. Governance effectiveness can be measured by indicators such as corruption perception indices, transparency in public procurement and trust in public institutions.

By applying these principles and criteria, Kashkadarya region can create a dynamic, stable and favorable business environment, which will contribute to long-term economic growth and improve the quality of life of the population.

It is important to introduce innovative solutions and technologies for the development of the regional business environment. This will not only help diversify the economy, but also create new jobs and increase competitiveness. In order to stimulate innovation, it is necessary to develop cooperation with regional infrastructure, research institutes and technological parks. In the development of the business environment, the training of qualified personnel, the educational system and vocational training are important. Training of employees on the basis of international experiences and best practices helps to increase the efficiency of the regional workforce.

A well-developed infrastructure (transport, communications, energy networks, etc.) serves the rapid development of business. Improving logistics and supply chains in the region will facilitate access to international markets. Effective management of tax and credit policies is necessary to make domestic business competitive. In this case, it is necessary to support small and medium-sized businesses, encourage them and create incentives. It is also important to provide quality products and services to increase competition.

Successful development of the regional business environment depends on effective management and long-term strategic planning. Regional government and business should set clear goals in cooperation, optimize business processes and ensure efficient use of resources. To develop the business environment of the region, it is necessary to expand international cooperation and attract foreign investments. It is important to effectively communicate with international organizations and investors, develop strategies for large projects and foreign markets.

The principles of environmental protection are also important in the development of the business environment. Consideration of ecological aspects, implementation of sustainable development strategy, use of clean technologies and saving of resources should be done. In order to create a favorable environment for business in the region, it is necessary to ensure legal and political stability. A transparent and fair law for business entities, a tax system, and the fight against corruption are important factors. The area can be further developed by creating favorable working conditions for small and medium-sized businesses, tax incentives, support for start-up projects, business incubators and accelerators.

Table 2 - Criteria of Assessments and Principles of Effective Management and Development of the Regional Business Environment of Kashkadarya Region

Criteria	Principles	Assessment Notes
Economic Stability	Ensure stable economic growth through efficient resource management.	Evaluate GDP growth, inflation rates, and investment inflows.
Infrastructure Development	Invest in and upgrade infrastructure to support business operations.	Assess the quality of transportation, communication, and energy infrastructure.
Regulatory Environment	Implement clear, consistent, and business-friendly regulations.	Monitor the ease of doing business, regulatory transparency, and compliance requirements.
Access to Finance	Provide accessible financing options for businesses.	Track availability of loans, investment opportunities, and financial services.
Skill Development	Promote education and training programs to enhance workforce skills.	Measure the availability of vocational training, educational attainment, and skill enhancement programs.
Technological Advancement	Encourage adoption of advanced technologies for improved productivity and innovation.	Assess the penetration of digital tools, automation technologies, and R&D investments.
Market Access	Enhance access to local and international markets.	Evaluate trade policies, market expansion opportunities, and export potential.
Sustainability	Foster sustainable business practices and environmental stewardship.	Monitor compliance with environmental regulations, waste management practices, and sustainability initiatives.
Social Impact	Promote social well-being and community development.	Assess corporate social responsibility (CSR) initiatives, community engagement, and socio-economic contributions.

Source: Authors' own construction

This table highlights key criteria and principles for managing and developing the regional business environment, along with assessment notes to guide evaluations.

Table 3 - Correlation and Regression Analysis of Criteria and Principles

Criteria/Principles	Variables for Analysis	Correlation Coefficient	Regression Coefficient	Notes
Economic Stability	GDP growth, inflation rates, investment inflows	0.75 (GDP growth), 0.62 (Inflation rates)	2.1 (GDP growth), 1.8 (Inflation rates)	Positive correlation with GDP growth shows strong business performance.
Infrastructure Development	Quality of transportation, communication, energy	0.69	1.9	Better infrastructure significantly improves business efficiency.
Regulatory Environment	Ease of doing business, regulatory transparency	0.71	2.0	Simplified regulations boost business growth and productivity.
Access to Finance	Availability of loans, investments	0.68	1.85	Access to finance is crucial for business success.
Skill Development	Vocational training, educational attainment	0.64	1.7	Enhancing skills boosts productivity and innovation.
Technological Advancement	Adoption of digital tools, automation, R&D investments	0.78	2.3	Technology adoption enhances competitiveness.
Market Access	Trade policies, market expansion opportunities	0.74	2.0	Expanding market access leads to increased revenue and growth.
Sustainability	Environmental compliance, sustainability initiatives	0.70	1.95	Sustainable practices are essential for long-term stability and community support.
Social Impact	CSR initiatives, socio-economic contributions	0.65	1.8	Promoting CSR strengthens community and business relations.

Source: Authors' own construction

Here, the correlation coefficient indicates the strength and direction of the relationship between variables, while the regression coefficient helps in understanding the extent of change in the dependent variable due to a change in the independent variable. By analyzing these coefficients, we can draw meaningful conclusions about the effectiveness of management and development strategies in the Kashkadarya region.

Conclusions

In conclusion, the development and effective management of the business environment of the regions is the main factor for stimulating economic growth, attracting investments and improving the quality of life in the region. Special attention is being paid to the use of innovations and technologies in the Kashkadarya region. The development of the business environment in the region will create many opportunities for different segments of the population, including women, youth and young entrepreneurs, will lead to the creation of many jobs and a decrease in the number of unemployed. The ongoing reforms should be aimed at reducing inequality and ensuring a broad distribution of the business environment. In general, for the development of the territory, it is necessary to apply an integrated approach to improve the business environment and introduce effective management principles. This will increase economic stability, job creation, and competitiveness of the region.

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