

## Article

# Improving The Organizational and Economic Mechanisms of Entrepreneurship Development in Mahallas: An Econometric Analysis and a Mahalla-Level Empirical Study

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**Abstract:** This article presents a comprehensive study of the organizational and economic mechanisms of entrepreneurship development in the mahallas (neighbourhood communities) of Uzbekistan. The relevance of the problem stems from the fact that the share of small business in gross domestic product (GDP) contracted from 67.1% in 2017 to 49.6% in the first half of 2025, while the number of operating entities fell from 523.6 thousand in 2022 to 358.1 thousand in 2024. Drawing on the data of the National Statistics Committee for 2010–2025, a multifactor regression model was estimated by ordinary least squares (OLS,  $R^2 = 0.960$ ); in parallel, the resource potential, specialization and household income structure of 105 mahallas in the Narpay and Pakhtachi districts of Samarkand region were analysed. According to the Committee's operational data for January–June 2025, 1,200.4 thousand small business entities were operating nationwide — including 487.1 thousand small enterprises and microfirms and 713.4 thousand individual entrepreneurs, dehqan farms, family entrepreneurs, artisans and sellers of imported goods — yet their share of GDP continued its downward trend (54.8% in 2021 against 49.6% in the first half of 2025). As a result, entrepreneurship was found to account for only 8.9–9.3% of mahalla household income. Criteria for identifying the “driver sectors” and “growth points” of mahallas were developed, together with recommendations for improving the organizational and economic mechanism.

**Keywords:** Mahalla; entrepreneurship; the “mahallabay” (mahalla-by-mahalla) system; small business; driver sectors; growth points; assistant to the khokim; household income; econometric analysis; regression model

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## 1. Introduction

In the world's advanced economies, small business and private entrepreneurship are recognized as one of the principal drivers of economic growth. According to data of the Organisation for Economic Co-operation and Development, the sector accounts for approximately 50% of global employment and for 50–60% of gross domestic product; the share of small and medium-sized enterprises in GDP amounts to 53–56% in the United Kingdom, 50–52% in the United States and 63–67% in the countries of the European Union [1], [2], [3].

As the President of the Republic of Uzbekistan, Sh. M. Mirziyoyev, emphasized at his meeting with representatives of small and medium-sized business on 19 March 2025, this sector has become the field that gives the strongest impetus to the expansion of jobs, investment, innovation, competition, value added and exports; over the past five years the number of small and medium-sized entrepreneurs has doubled, and 10.5 million people — 74% of all those employed — earn their income in this sector [4]. According to the National Statistics Committee, by the results of 2025 small entrepreneurship accounts

for 95.2% of output in agriculture, forestry and fisheries, 84.0% of total trade turnover, 76.5% of construction, 57.0% of the volume of services and 32.4% of industry [5].

The “Uzbekistan – 2030” strategy, approved by Presidential Decree No. PF-21 of 16 February 2026, sets the tasks of raising the share of small business and private entrepreneurship in gross domestic product to 60% by 2030 and of increasing the share of entities operating for three years or more to 60% [6]. Accomplishing these tasks requires improving the mechanisms of entrepreneurship development at the lowest tier – the mahalla level.

The role of the mahalla in entrepreneurship development is significant in two respects. On the one hand, under the Law “On bodies of citizens’ self-government” the mahalla constitutes a social institution – a form of self-government grounded in the historical development, the national and spiritual values and the local customs of citizens. On the other hand, it is the lowest link of the country’s administrative-territorial structure and participates directly in the circular flow of resources, goods, services and incomes [7]. In his Address to the Oliy Majlis and the people of Uzbekistan of 26 December 2025, President Sh. M. Mirziyoyev placed particular emphasis on the importance of the mahalla and of the values of good neighbourliness for developing social and human capital in society, while the proclamation of 2026 as the “Year of Mahalla Development and Societal Advancement” further strengthened the position of the mahalla institution within the country’s socio-economic policy [8].

According to the Association of Mahallas of Uzbekistan, there are 9,442 mahallas in the republic, in whose more than 6.4 million households over 8.5 million families reside [9]. This indicator points to the very considerable human and economic potential available for developing entrepreneurship at the mahalla level. On this basis, the “mahallabay” (mahalla-by-mahalla) working system was introduced across the republic from 2021, envisaging the comprehensive development of each mahalla through the use of its natural, social and organizational-economic potential [10], [11], [12], [13]. Practice shows, however, that the theoretical and methodological foundations of this system have not been fully systematized, that no unified methodology for identifying the “growth points” of mahallas has been elaborated, and that criteria for assessing the real impact of entrepreneurship on household welfare have not been established. The aim of the article is to examine the existing mechanisms of entrepreneurship development in mahallas on the basis of econometric and statistical analysis at the national, regional and mahalla levels, and to develop scientifically grounded recommendations for their improvement.

The study of the economic essence of entrepreneurship has a long history. R. Cantillon associated entrepreneurship with the assumption of risk under conditions of uncertainty; J. B. Say interpreted it as an activity that combines the factors of production; and A. Smith regarded the entrepreneur as an owner who places capital at risk in order to obtain profit [1]. J. Schumpeter, substantiating the innovative nature of entrepreneurship, assessed the individual who implements “new combinations” as the chief driving force of economic development [2]. F. Knight explained entrepreneurial profit as the result of uninsurable uncertainty, while R. Hisrich and M. Peters defined entrepreneurship as the process of creating something new that possesses value [3].

Contemporary international research devotes increasing attention to the managerial and digital dimensions of small business: O. Jones investigates the development of entrepreneurial leadership in small firms [14], while S. Gyamerah and co-authors examine how digital transformation in small and medium-sized enterprises rests on the nexus between leadership, digital capabilities and digital strategy [15]. J. H. Park and S. Y. Lee substantiate mechanisms of economic self-reliance for local communities through the Republic of Korea’s “Saemaul Undong” model, and M. Kim and Q. Wang demonstrate the cluster advantages of Japan’s “One Village One Product” (OVOP) movement [16], [17].

Among scholars of the CIS countries, N. Filimonova, N. Morgunova and E. Lovkova address the economics and organization of small and medium-sized business [18], while M. Lapusta systematizes the organizational and legal forms of small entrepreneurship and its state support [19]. Among domestic scholars, M. Eshov offers a monographic analysis of the factors, results and prospects of small business development in Uzbekistan [20]; D.

Qosimova and co-authors systematize the organizational and economic foundations of the field [21]; and U. Gafurov investigates the economic mechanisms of state regulation of small business [22]. B. Gafurov studies the “mahallabay” working system as an instrument of poverty reduction using the case of Surkhandarya region [23]. T. Akhmedov argues that the mahalla is a distinctive model of self-government combining traditional community principles with modern governance approaches, whose activities encompass involving the population in reforms, developing entrepreneurship, creating jobs and providing social assistance [24]. B. R. Nasimov elaborates a methodological model of institutional reforms in the formation of an entrepreneurial ecosystem in mahallas, while Sh. S. Tursunov examines the mechanism for allocating functional responsibilities in identifying mahalla drivers [25].

The literature review shows that in both classical and contemporary theory entrepreneurship has been studied predominantly at the level of the individual or the enterprise; its territorial and communal dimension – in particular, its manifestation within a self-governing unit such as the mahalla – remains insufficiently examined. In national research the “mahallabay” system has been considered mainly from the standpoint of poverty reduction; its potential as an entrepreneurship mechanism, the quantitative criteria for identifying “driver sectors”, the methodology for assessing the impact of entrepreneurship on household incomes, and the appraisal of the system’s current state on the basis of the most recent operational statistics have not been sufficiently disclosed. The present article is directed precisely at filling this gap.

## 2. Materials and Methods

The object of the study is the activity of mahallas in which the “mahallabay” system has been introduced and of small business entities, while its subject is the socio-economic relations arising in the course of this process. The information base of the study comprises a three-layer dataset: (1) macroeconomic indicators of the National Statistics Committee for 2010–2025, including the operational press-release data published for January–June 2025 [5]; (2) regional data of the Samarkand Regional Statistics Department for 2020–2024; (3) primary data of the Departments of Employment and Poverty Reduction of the Narpay and Pakhtachi districts, compiled as of 31 December 2025. The third layer covers 105 mahallas (54 in Narpay and 51 in Pakhtachi), 74,828 households and 193,367 economically active residents.

The study employs abstract-logical reasoning, induction and deduction, analysis and synthesis, comparative and systems analysis, economic-statistical grouping, structural analysis and multifactor correlation-regression econometric analysis. In order to assess the factors affecting the share of small business in gross domestic product, the following model was specified:

$$sb = \beta_0 + \beta_1 \cdot num + \beta_2 \cdot serv + \beta_3 \cdot agr + \beta_4 \cdot con + \beta_5 \cdot exp + \varepsilon,$$

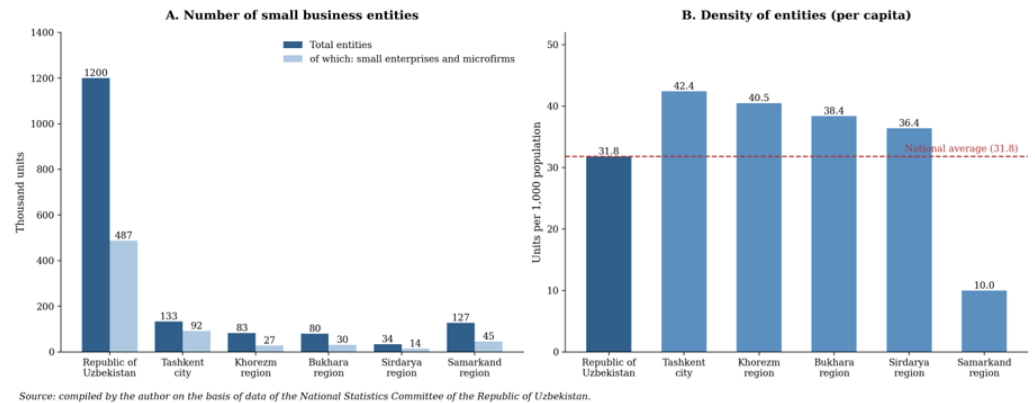
where *sb* is the share of small business in GDP (%); *num* is the number of operating small business entities (units); *serv* is the volume of services rendered; *agr* is the volume of output of agriculture, forestry and fisheries; *con* is the volume of construction work performed (billion soums); *exp* is small business exports (million US dollars); and  $\varepsilon$  is the random error term. The model was estimated by ordinary least squares (OLS) on the basis of 16 observations covering the period 2010–2025. At the mahalla level, the degree of household specialization, relative indicators of resource potential and the composition of incomes by source were calculated.

## 3. Result

### Current State of Small Entrepreneurship at the National Level

According to the operational data of the National Statistics Committee for January–June 2025, as of 1 July 2025 there were 1,200.4 thousand small business entities operating in the republic, of which small enterprises and microfirms (including farms and dehqan farms) accounted for 487.1 thousand and individual entrepreneurs, dehqan farms, family entrepreneurs, artisans and sellers of imported goods for a total of 713.4 thousand [5]. This corresponds to 31.8 units per 1,000 population, with the highest density recorded in the

city of Tashkent (42.4) and in Khorezm (40.5), Bukhara (38.4) and Sirdarya (36.4) regions (Fig. 1).



**Figure 1.** Number and density of operating small business entities by region (as of 1 July 2025)

The data in Fig. 1 show that the city of Tashkent leads not only in absolute terms (132.8 thousand entities) but also in terms of density (42.4 units per 1,000 population). Of particular note is the fact that, although Samarkand region ranks second in the absolute number of entities (127.0 thousand), its indicator relative to population density (10.0 units) proved the lowest among all the regions compared — which shows that the region’s large population “conceals” the relative adequacy of small business entities and is directly connected with the low entrepreneurial activity identified in the mahalla-level analysis (Narpay and Pakhtachi).

In January–June 2025, 40.3 thousand new small enterprises and microfirms (excluding farms and dehqan farms) were established, the majority of them registered in trade (14,934), in agriculture, forestry and fisheries (5,315) and in other services (5,466) [5]. This situation confirms a trend identified in earlier research [26] — the shift of small business away from production towards trade and services.

Whereas the share of small business in gross domestic product rose from 60.8% to 67.1% over 2010–2017, from 2018 onwards it entered a sustained downward trend. According to the operational data of the National Statistics Committee, this indicator stood at 54.8% in 2021, 52.5% in 2022, 51.5% in 2023 and 50.7% in 2024, before falling to 49.6% in the first half of 2025 (Table 1) [5]. The decline under way since 2018 was therefore not interrupted in 2025 either.

**Table 1.** Share of small entrepreneurship in the GDP of Uzbekistan and its main economic indicators by sector, January–June 2025

| Indicator                                            | Volume    | Share in total volume, % | Growth rate against the corresponding period of 2024, % |
|------------------------------------------------------|-----------|--------------------------|---------------------------------------------------------|
| Share in GDP (H1 2025)                               | —         | 49.6                     | —                                                       |
| Industrial output, bn soums                          | 161,959.8 | 33.2                     | 118.4                                                   |
| Construction work, bn soums                          | 106,790.4 | 77.6                     | 109.6                                                   |
| Investment in fixed capital, bn soums                | 168,087.6 | 61.5                     | 121.2                                                   |
| Agriculture, forestry and fisheries output, bn soums | 189,381.5 | 97.2                     | 104.2                                                   |
| Retail trade turnover, bn soums                      | 162,483.1 | 81.8                     | 108.7                                                   |

| Indicator                    | Volume    | Share in total volume, % | Growth rate against the corresponding period of 2024, % |
|------------------------------|-----------|--------------------------|---------------------------------------------------------|
| Volume of services, bn soums | 250,892.6 | 54.8                     | 111.8                                                   |
| Exports, bn US dollars       | 5.0       | 29.7                     | —                                                       |
| Imports, mn US dollars       | 10,430.2  | 51.8                     | —                                                       |

**Source:** National Statistics Committee of the Republic of Uzbekistan, press release “Main indicators of small business entities in the Republic of Uzbekistan” for January–June 2025 [5].

The data in Table 1 show that small entrepreneurship still retains a leading position in agriculture (97.2%) and construction (77.6%), whereas its share in industry (26.1–33.2%) and in exports (29.7%) is comparatively low. This situation confirms the structural problem identified in earlier research [26] — the concentration of small business in low-value-added trade and services rather than in the higher-value-added industrial and export directions.

Over 2020–2024 the number of operating small business entities followed a volatile trajectory: it rose from 411.2 thousand to 523.6 thousand units in 2020–2022 and then fell from 417.1 thousand to 358.1 thousand units in 2023–2024. Correlation analysis showed that the share of small business is negatively associated with all the factors: –0.815 with the volume of construction work, –0.798 with the volume of agricultural output, –0.765 with the number of entities, –0.764 with the volume of services and –0.731 with exports. The results of the regression analysis are presented in Table 2.

**Table 2.** Regression results obtained by ordinary least squares (dependent variable — sb)

| Variable        | Coefficient   | t-value      | p-value      | Significance             |
|-----------------|---------------|--------------|--------------|--------------------------|
| num             | –0.0000       | –4.58        | 0.001        | significant at 1%        |
| serv            | 0.0000        | 2.23         | 0.050        | significant at 5%        |
| Agr             | 0.0000        | 6.62         | 0.000        | significant at 1%        |
| Con             | –0.0005       | –4.86        | 0.001        | significant at 1%        |
| Exp             | –0.0003       | –0.99        | 0.343        | not significant          |
| <b>Constant</b> | <b>67.059</b> | <b>39.36</b> | <b>0.000</b> | <b>significant at 1%</b> |

**Note:** number of observations — 16;  $R^2 = 0.960$ ; F-statistic = 48.024; Prob > F = 0.000; AIC = 53.815; BIC = 58.451; \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ . Source: author’s calculations.

The coefficient of determination of the model equals 0.960, which means that 96% of the variation in the dependent variable is explained by the factors included in the model; the value of the Fisher statistic (48.024) and the corresponding probability (0.000) confirm that the model as a whole is statistically significant. According to the results of the analysis, the number of operating entities exerts a statistically significant negative effect on the share of small business in GDP ( $p < 0.01$ ). This apparently paradoxical result carries important economic meaning: an increase in the number of entities does not always signify an increase in their share of the economy — because the efficiency of newly established entities is low and the majority of them are confined to micro-scale trade and service activity, extensive growth is not being converted into intensive growth. The coexistence, in the first half of 2025, of 1,200.4 thousand entities with a contraction of the GDP share to 49.6% confirms this econometric conclusion once again in practice. The volume of output of agriculture, forestry and fisheries emerged as the positive factor with

the highest statistical significance ( $p < 0.01$ ), which confirms the high entrepreneurial potential of household plots (tomorqa) and dehqan farms at the mahalla level.

Analysis at the regional level shows that national trends are being reproduced in Samarkand region as well. In 2024 the region had 31,470 operating entities (8.79% of the national figure), and their number per 1,000 population fell from 11.8 to 10.0 units, below the national average (12.1). At the same time, small entrepreneurship accounted for 72.4% of gross regional product, 81.2% of employment and 94.2% of agriculture. The regional economy therefore rests on small entrepreneurship, yet the density of entities is low and they operate predominantly in low-value-added sectors.

Mahalla-level analysis: the case of the Narpay and Pakhtachi districts

The central part of the study — the mahalla-level analysis — was carried out using the case of the Narpay and Pakhtachi districts of Samarkand region (Table 3).

**Table 3.** Opportunities for entrepreneurship development and the structure of household incomes in the mahallas of the Narpay and Pakhtachi districts (as of 31 December 2025)

| Indicator                                                       | Narpay district | Pakhtachi district |
|-----------------------------------------------------------------|-----------------|--------------------|
| Number of mahalla citizens' assemblies, units                   | 54              | 51                 |
| Number of households, units                                     | 40,922          | 33,906             |
| Share of persons employed in entrepreneurship, %                | 27.6            | 25.5               |
| Unemployment rate, %                                            | 5.6             | 4.0                |
| Degree of household specialization, %                           | 51.0            | 53.3               |
| of which — crop growing and horticulture, %                     | 49.4            | 13.6               |
| of which — livestock and poultry farming, %                     | 21.6            | 52.5               |
| of which — small-scale production of an industrial character, % | 1.6             | 2.9                |
| Total household income, mn soums                                | 18,360.0        | 17,630.3           |
| of which — from entrepreneurial activity, %                     | 9.3             | 8.9                |
| of which — from pensions and social benefits, %                 | 14.2            | 14.0               |

**Source:** Compiled by the author on the basis of data of the Departments of Employment and Poverty Reduction of the Narpay and Pakhtachi districts.

The data in Table 3 show that the specialization of mahallas differs substantially between the two districts: in Narpay 49.4% of households specialize in crop growing and horticulture, whereas in Pakhtachi 52.5% specialize in livestock and poultry farming. In both districts small-scale production of an industrial character is extremely weakly developed (1.6% in Narpay and 2.9% in Pakhtachi), which means that these mahallas remain confined to the lowest link of the value-creation chain.

The most important weak point of the mechanism becomes apparent in the structure of household incomes: the weight of entrepreneurial activity amounts to 9.3% in Narpay and 8.9% in Pakhtachi, whereas the share of pensions and social benefits equals 14.0–14.2% — that is, the weight of social transfers is almost one and a half times higher than that of entrepreneurial income. This shows that although the volume of preferential loans and subsidies channelled to mahallas has increased (in 2022 the total value of the financial instruments available to assistants to the khokim amounted to 12,819.0 billion soums) [27], these funds have not translated into sustained growth in the share of entrepreneurship in household incomes. A further shortcoming of the existing mechanism is that the performance of assistants to the khokim is assessed on the basis of process rather than outcome indicators (for example, securing employment for at least 10 unemployed

persons per month, or helping at least five citizens per quarter to start out as entrepreneurs) [13]. Such indicators measure neither the viability of the entities created nor the real growth of household income.

On the basis of the analysis set out above, a system of criteria was developed for identifying the “driver sectors” and “growth points” of mahallas and for assessing the impact of entrepreneurship on the welfare of the population (Table 4).

**Table 4.** Criteria for identifying the “driver sectors” and “growth points” of mahallas

| Assessment block                        | Criterion (indicator)                          | Calculation method                                | “Driver sector” threshold  |
|-----------------------------------------|------------------------------------------------|---------------------------------------------------|----------------------------|
| <b>I. Resource potential</b>            | Household plot area per household              | Household plot area / number of households        | Above the district average |
|                                         | Share of greenhouse area in the household plot | Greenhouse area / household plot area × 100       | ≥ 10%                      |
| <b>II. Human capital</b>                | Unemployment rate                              | Unemployed / economically active population × 100 | ≤ district average         |
|                                         | Number of “lead entrepreneurs”                 | According to the register                         | At least 3                 |
| <b>III. Specialization and activity</b> | Degree of specialization                       | Specialized households / total households × 100   | ≥ 55%                      |
|                                         | Share of production of an industrial character | Share of households specializing in industry      | ≥ 5%                       |
|                                         | One-year survival rate of entities             | Still operating / established × 100               | ≥ 70%                      |
| <b>IV. Welfare and poverty</b>          | Share of entrepreneurship in income            | Entrepreneurial income / total income × 100       | ≥ 15%                      |
|                                         | Share of social transfers in income            | Transfers / total income × 100                    | Downward dynamics          |

**Source:** Author’s elaboration. The system envisages assessment of each indicator on a five-point scale: a direction with an average score above 4.0 is recognized as a “driver sector” of the mahalla and receives priority allocation of resources, while blocks scoring below 2.0 are treated as “bottleneck points”.

Applying these criteria to the data of the Narpay and Pakhtachi districts produced the following result. For Narpay district the “driver sector” is crop growing and horticulture (49.4% specialization), and the “growth points” are greenhouse farming (current share 1.74%, potential 10–12%) and fruit and vegetable processing. For Pakhtachi district the “driver sector” is livestock and poultry farming (52.5% specialization), and the “growth points” are the processing of milk and meat products and beekeeping. The common “growth point” for both districts is small-scale production of an industrial character, whose share must be raised from 1.6–2.9% to above 5%.

#### 4. Discussion

The results of the study provide a mutually complementary picture across three levels of analysis — national, regional and mahalla. At the macro level, the operational data for the first half of 2025 (1,200.4 thousand operating entities and a 49.6% share of GDP) show that the growth in the number of entities — including the broadened “aggregate small entrepreneurship” base expanded through individual entrepreneurship, dehqan farms, family entrepreneurship and crafts — is not halting the decline in the share of GDP. This fully corroborates the negative relationship established in the regression analysis (the coefficient on num,  $p < 0.01$ ) and indicates the need to shift the effectiveness criterion of state policy from the question “how many entities were created?” to the question “how many of those created are still operating a year later, and how much value added are they generating?”

The mahalla-level analysis confirms this conclusion at the micro level: the fact that entrepreneurship accounts for only 8.9–9.3% of household incomes shows that, despite the growth in the volume of financial resources, these funds have not become a stable source of income. Two factors are of decisive importance here: first, financial assistance is distributed on the basis of a single template, without regard to the actual specialization of the mahalla; second, the performance of assistants to the khokim is assessed on the basis of process rather than outcome indicators. The interconnection between these two problems shows that increasing financial resources alone is not sufficient — an institutional mechanism is required that channels them towards the scientifically substantiated “driver sector” of the mahalla and measures the result. The four-block system of criteria developed to fill precisely this gap enables local practitioners (assistants to the khokim) to move from subjective assessment to precise quantitative indicators.

#### 5. Conclusion

The results of the study made it possible to formulate the following conclusions. First, small entrepreneurship in Uzbekistan has come face to face with the necessity of moving from a stage of extensive growth to a qualitatively new stage: the share of small business in GDP contracted from 67.1% in 2017 to 49.6% in the first half of 2025, which means that the sustained downward trend under way since 2018 has not yet been halted. Second, the econometric analysis showed that growth in the number of entities exerts a negative effect on the share of small business in the economy ( $p < 0.01$ ); this is confirmed in practical terms by the further decline in that share against a background of 1,200.4 thousand entities in the first half of 2025. Third, the mahalla-level analysis showed that entrepreneurship accounts for only 8.9–9.3% of household incomes, while households specializing in production of an industrial character account for only 1.6–2.9%. Fourth, notwithstanding the sharp differences in the potential of individual mahallas, the mechanism for supporting them is built largely on a single template. Proceeding from the conclusions, the following proposals have been developed:

Enshrining the concepts of the “driver sector” and the “growth point” of a mahalla in regulatory and legal instruments and approving a unified methodology for identifying them (on the basis of the four-block system of criteria proposed in this article), with the compilation of an “entrepreneurial potential passport” for each mahalla once a year;

Classifying mahallas by entrepreneurial potential into agrarian-driver, livestock-driver, service-driver and industry-driver types, and defining separate financial products (loan maturity, grace period, type of subsidy) for each type;

In view of low profitability, subsidizing from the state budget that part of the loan interest rate which exceeds the Central Bank policy rate for production projects at the mahalla level, and increasing the share of long-term loans with maturities of 5–10 years;

Revising the indicators used to assess the performance of assistants to the khokim: alongside the existing process indicators, introducing outcome indicators such as growth in the share of entrepreneurship in household income, the one-year survival rate of the entities created and a reduction in the share of informal employment, and setting as a target indicator the raising of the share of entrepreneurship in household incomes to at least 20% by 2030;

Establishing “mahalla mini-industrial zones” on the basis of vacant buildings and facilities and providing them with engineering and utility networks at state expense, thereby raising the share of households specializing in production of an industrial character to 8–10% by 2030;

Moving beyond monitoring alone in the “Online Mahalla” electronic system by launching within it a “B2B mahalla corporation” module through which large enterprises can place orders, and forming cooperative structures that link household plots and dehqan farms with processing enterprises and exporters;

Introducing, for mahallas with high levels of out-migration, a programme to “channel migrant savings into entrepreneurship”, under which the state allocates an additional subsidy for every soum a migrant invests in entrepreneurship.

Implementation of the proposed measures will serve the accomplishment of the tasks set out in the “Uzbekistan – 2030” strategy — raising the share of small business and private entrepreneurship in gross domestic product to 60% and increasing the share of entities operating for three years or more to 60% [6]. As a result, the mahalla may develop not merely as the lowest link of social administration, but as an important institutional centre of local economic growth, job creation, higher household incomes and the formation of a regional entrepreneurial ecosystem.

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