Methodological foundations of the study institutional environment of small industrial enterprises

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Abstract. The trend of scientific research in recent years is the actualization of the need to transform institutions in Uzbekistan, but despite this, there is still no common understanding of how, when and in which direction institutional innovations should be introduced. The problem is complicated by the fact that there are practically no scientific works on the quantitative assessment of the quality of the institutional environment of small industrial enterprises. The domestic institutional school has not yet developed methodological tools adequate to the specifics of national small industrial enterprises (SMEs), which could be used in the processes of research, evaluation and implementation of institutional transformations in this sector of industry. The purpose of the study is to analyze modern theories and methodology of research of the institutional environment of small industrial enterprises. Methodology of the work: the study was carried out using the methods of theoretical analysis, formalization, classification, statistical analysis, as well as synthesis, deduction and induction. Conclusion: as a result of the research, it is concluded that both in Uzbekistan and abroad there is a shortage of concepts that have been worked out not only at the theoretical level, but also at the empirical level, i.e. brought to practical application in relation to a specific "problem field" of the institutional environment.

1 Introduction

The growth of small businesses and private entrepreneurship has been viewed as a primary path of socioeconomic development of the national economy in the Republic of Uzbekistan ever since its early years of independence. Taking into account the fundamental tenets upon which the institutional development of small business in Uzbekistan is predicated, it should be noted that these tenets include a solid legislative and legal framework, continuous improvement of said framework, systematic state assistance in the form of benefits and preferences for business, technical and technological re-equipment, and modernization of production.

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The state has put in place systematic methods to control small business, with a focus on boosting its contribution to the GDP and job creation, enhancing the technological infrastructure of small businesses, and addressing financing needs [1].

As a result of the successful regulation of the development of small business and private entrepreneurship, the main results of the reforms implemented in the field of entrepreneurship in Uzbekistan in 2017-2023 can be characterized by the following indicators.

Over the past six years, the republic has adopted about 2,000 laws, decrees and Resolutions of the President, resolutions of the Cabinet of Ministers and other regulatory legal acts aimed at the development of entrepreneurship in Uzbekistan.

As a result of this:
- 114 types of licenses and permits required for conducting business have been canceled;
- instead of 33 types of licenses and permits, the notification procedure has been introduced;
- the number of taxes has been reduced from 13 to 9;
- types of tax audits have been reduced from 13 to 3;
- the value added tax rate has been reduced from 20% to 12%;
- the social tax rate has been reduced from 25% to 12%;
- import duties have been abolished for 3.5 thousand items of goods, as well as excise tax - for 1.1 thousand goods;
- import duties have been significantly reduced for more than 3 thousand types of goods.

According to the Statistical Agency under the President of Uzbekistan, in 2022, LLC accounts for 54.2% of the total number of business entities operating in the republic, farms - 18.1%, private enterprises - 15.3%, family business - 9.4%, dehkan farms - 1.9% and other forms of entrepreneurship - 1.1%.

By the end of 2022 the volume of gross regional product in the Ferghana region amounted to 55,972.1 billion soums, the growth rate was 4.6% compared to 2021. The share of the Fergana region in the formation of the republic's GDP was 6.3%.

In 2022, the number of newly created small businesses decreased by 2.5% compared to 2021 and amounted to 8,828 units. The share of small business and private entrepreneurship in GDP was 69.8% in 2021 and 68.9% in 2022.

The share of industrial small business in the gross regional product amounted to 44.1% in 2022.

In 2017, the number of business entities amounted to more than 283 thousand units. As a result of the reforms implemented over the past 6 years in terms of the development and support of entrepreneurship, this indicator by the end of 2022 exceeded 523 thousand units, or 1.8 times more than in 2017.

By the end of 2022, the average number of entrepreneurs per 1,000 people in Uzbekistan was 15, in particular, the highest figure was recorded in Tashkent - 36.8, in Navoi - 21.9 and in Syrdarya regions -18.1. At the same time, a low indicator is observed in such areas as Surkhandarya -10.3 and Kashkadarya - 10.6.

By the end of 2022, the share of small and private entrepreneurship in the GDP of the republic reached the level of 54.9%, in construction it amounted to 72.4%, in the total number of employed - 74.4%.

Today, there is a broad evidence base that one of the key reasons for the weak pace of small business development in industry is the poor quality of the institutional environment (IE) [2]. Empirical measurements show that the importance of the institutional factor in the development system of the SIE increases especially during periods of recession and recession of the economy.
The revealed contradiction between the strategic goal of the development of the IE, on the one hand, and the limitations of its implementation, which are both exogenous and endogenous in nature, including an insufficiently complete scientific and methodological understanding of the problem, on the other hand, serves as a justification for the high degree of relevance of the tasks of research and evaluation of IP as a key factor in the development of small industrial enterprises.

The presence of these circumstances predetermined the relevance of the research topic and the direction of the scientific search of its author.

To a certain extent, this study serves to implement the tasks defined in the Decrees of the President of the Republic of Uzbekistan No. PD-4354 dated August 24, 2011 "On additional measures to create the most favorable business environment for the further development of small business and private entrepreneurship", No. PD-4725 dated May 15, 2015 "On measures to ensure reliable protection private property, small business and private entrepreneurship, removing barriers to their accelerated development", No. PD-4848 dated October 5, 2016 "On additional measures to ensure accelerated development of entrepreneurship, full protection of private property and qualitative improvement of the Business climate", No. PD-5409 dated April 11, 2018 "On measures to further reduce and simplify licensing and licensing procedures in the field of entrepreneurship, as well as improve Business Conditions", No. PD-5088 dated April 22, 2021 "On measures to organize the activities of youth industrial and entrepreneurial zones, as well as support for entrepreneurial initiatives of youth", No. PD-4160 dated February 5, 2019 "On additional measures to improve the rating of the Republic of Uzbekistan in the annual report of the World Bank and the International Financial Corporation "Doing Business" and other regulatory documents related to the institutional strengthening of economic mechanisms of state regulation of small business in the Republic of Uzbekistan.

2 Review of literature and research

The theoretical and methodological basis for the development of small business and institutional transformations of the entrepreneurial sector of the national economy of Uzbekistan are the laws of the Republic of Uzbekistan concerning this sphere, decrees, resolutions of the President of the Republic of Uzbekistan, resolutions of the Cabinet of Ministers, the works of the President of the Republic of Uzbekistan Sh. M. Mirziyoyev.

Theoretical aspects of using the potential of economic mechanisms of institutional regulation of the economy and the development of small business have been comprehensively analyzed in the scientific works of such foreign scientists as: A. Smith, J. B. Say, R. Cantillon, A. Marshall, J. Schumpeter, J. Keynes, R. Khizrich, M. Peters, F. Hayek, M. G. Lapusta, Yu. L. Starostin, K. R. McConnell, S. L. Bru, F. F. Hamidullin, M. M. Chait, G. N. Vlasov, A. M. Zheltov, etc.

Some aspects of using the potential of economic mechanisms of institutional regulation of small business in the conditions of transformation are highlighted in the works of such Uzbek scientists as E. Abdullaev, M. R. Boltabaev, F. Karimov, A. N. Samadov, R. Khodzhaev, Sh. Zh. Ergashkhodzhaeva, Sh. Yuldashev, A. T. Yusupov, M. S. Kosimova, B. K. Goyinazarov, etc.

Among the fundamental works in the field of institutional economic theory, first of all, the works of: T. Veblen, J. Galbraith, J. Commons, R. Coase, G. Minz, F. Knight, D. North, O. Williamson, J. Hodgson should be noted. The scientific works of Russian economists who devoted their works to institutional analysis for the study of the transformed economy were also studied: L. Abalkin, A. Bochkov, O. Inshakov, R. Kapelyushnikov, G. Kleiner,

The problems of the formation of the institutional environment, including the formation of the institutional environment of small business, are devoted to the research of F. Khamidullina, N. Vasilenko, V. Shapkina, N. Kurakova, D. Frolova, etc.

Ways to improve the efficiency of regulation of small business in various sectors of the economy and socio-economic problems of their development in the context of economic transformation were considered in the scientific research of H.P. Abulkosimov, I.A. Bakieva, N.K. Murodova, K. Muftaidinov, A.A. Kulmatov and other scientists.

In the works of U. Boymatova, I. U. Ibragimov, U. V. Gafurov, D. Sobirzhonova, R. Khodzhaev, F. K. Shoysupova, A. Egamberdiev and other authors, the issues of improving the mechanism of state regulation of the activities of small enterprises are studied. The issues of modeling and forecasting trends in the development of small business are considered in the works of B. Y. Khodiev, S. K. Salaev and other scientists.

The problems of institutional development of small business and private entrepreneurship through fiscal mechanisms have been studied by M. I. Almardonov, N. B. Ashurova, A. A. Botirov, A. V. Vakhabov, B. R. Sanakulova, Sh. A. Toshmatov, Zh. Zh. Urmonov. In addition, in her research, M. M. Abdurakhmonova drew attention to the improvement of state support for small businesses and private entrepreneurship.

3 Materials and methods

This article is based on the methods of theoretical analysis and classification within the framework of a systematic approach. For the presented research, the author used overview information, analysis of the institutional environment and current statistical data (statistical analysis), on the basis of which, through the induction method, an assessment of the quality of the institutional environment of the functioning of small industrial enterprises in Uzbekistan was formed. It should be noted that a narrower assessment was used to assess the quality of the positive impact of the institutional environment of entrepreneurship: determining the effectiveness of the support and incentive system.

When writing the paper, the method of formalization was used in terms of generalizing the theoretical aspects of the essence of the institutional environment of entrepreneurship.

The synthesis of the obtained initial data allowed the author to formulate a number of proposals for improving the institutional environment for the functioning of small business in Uzbekistan.

4 Analysis and results

We consider it appropriate to focus attention on the fact that: "The institutional environment of entrepreneurship is a set of market and non-market (formal and informal) institutions, which together create regulatory conditions, as well as a certain infrastructure in which business entities operate." The parameters of the functioning of business entities are closely related to the mandatory existence and successful implementation for any entity of such a target function as "economic survival" in a certain, not entirely favorable environment [Bydtaeva E.E. Problems of formation of the objective function of state regulation of the economy // Problems of economics and management. 2014. No. 7 (35). pp. 24-26].

In the existing array of modern scientific works, the study of the institutional environment takes place both from the standpoint of aggregation and concretization. In the
first case, it is considered as an integral indicator of the system of institutions regulating the economic processes of economic agents, in the second case, the totality of only some (specific) institutions is evaluated in accordance with the set goal. In light of the above, it is interesting to note the German economist S. Voigt that analyzing the system of institutions, it is important to "see" the impact of each of its elements [3]. In our opinion, the most significant difference between aggregation and concretization is that when studying the environment as a whole, a synergetic effect manifests itself, which is due to the complementarity of the elements of the system and manifests itself exclusively through the action of the whole set of institutions, and not individual elements. Today, as far as we know, there are no empirical works that would aim to assess the synergy of institutions. Obviously, measuring such an effect is a methodologically difficult task.

We believe that the study of the institutional environment for the development of small industrial enterprises consists in the study of its essential properties. Traditionally, the scientific literature pays great attention to the quality of institutions. In our opinion, this is due to the fact that the category of quality manifests itself exclusively in the totality of the essential properties of the object. The opinion of the famous economist E.V. Popov that "the purpose of evaluating institutions is actually to analyze their effectiveness and quality" is shared by many domestic and foreign researchers [4]. Thus, the authors of many scientific papers reveal the thesis that it is the quality of institutions that plays an important role for the growth of the economy as a whole and its individual sectors, and, accordingly, attempt to assess the institutional environment through the prism of quality.

In general, we can say that both in Uzbekistan and abroad, the trend of recent years has been an increase in interest in the problem of measuring institutions, caused by the widespread recognition of the thesis "institutions are important". However, there is no consensus in the scientific community about the empirical possibilities of measuring the quality of institutions and/or the institutional environment, this also applies to institutional transformations in the small industry sector. Thus, according to L.A. Valitova and V.L. Tambovtsev, the institutional environment does not have direct quality meters and can only be assessed indirectly [5]. And it is difficult to disagree with this, given the nature of the institutions. There is also a popular point of view in the scientific community, according to which the quality of institutions can and should be evaluated. At the same time, the variety of methods and parameters used to assess the quality of institutions is significant. Therefore, we have attempted to systematize the accumulated experience of studying the institutional environment of small industrial enterprises, reflected in the works of both domestic and foreign scientists. The solution to this problem is based on a number of initial refinements.

5 Discussions

For the selection of scientific papers, we used research institutes with the keywords "assessment of institutions/institutional environment", "research institutions /institutional environment", "quality of institutions /institutional environment", "effectiveness of institutions / institutional environment".

1. We considered the concepts of "efficiency of institutions" and "quality of institutions" as synonyms. In modern institutional economics, both terms are mentioned when it comes to the results of the institution's performance of its functions. The legitimacy of identifying the effectiveness and quality of the institute follows, in our opinion, from the essence of the effective approach to the assessment of the institutional system, when the quality is assessed through the result obtained - the effectiveness of the functioning of the institute.
2. In the course of this analysis, we have gone beyond the institutional environment of exclusively small business industry. Two factors contributed to this:

firstly, currently the proposed approaches and methods are focused primarily on the institutional environment of the economy as a whole or individual regions;

secondly, the works evaluating the institutional system of small entrepreneurship, as a rule, do not differ in methodological diversity, in most cases the authors use a survey method or a rating/index method. We are interested in the whole range of possible approaches to the study of institutional transformations.

3. We have distinguished approaches to evaluation into two types - developed exclusively conceptually (Table 1) and implemented in practice (Table 2). When determining the names of the approaches, we focused on the essence of the approach in the author's presentation.

4. For each method, with a sufficient degree of conditionality, we have identified those essential characteristics of the institutional environment that it allows us to evaluate.

In both tables, the assessment approaches we have identified are correlated with the methods used to implement them. However, it should be borne in mind that this list is far from complete, in addition, it is possible to combine several methods within one approach. All these methods differ in the complexity of obtaining the initial data and the requirements for them, the efficiency and accuracy of the results obtained.

A significantly greater variety of approaches was found in works of a purely conceptual level, and there is a predominance of domestic authors (Table 1.).

**Table 1. Modern approaches and methods of institutional environment research.**

<table>
<thead>
<tr>
<th>Assessment approach</th>
<th>Methods within the approach</th>
<th>Presented in the proceedings</th>
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<tbody>
<tr>
<td><strong>Pragmatic approach</strong></td>
<td>Assesses that actors evaluate the effectiveness of rules and regulations through possible damage from non-compliance or usefulness from compliance with the rule. Institutions are recognized as substandard if the total costs exceed the total benefits of following them. Gives an assessment of such essential properties of the institutional environment as the formation of incentives and benefits for the carrier.</td>
<td>D. North [6]</td>
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<tr>
<td><strong>A dysfunctional approach</strong></td>
<td>Assessment of the quality of the institutional environment through an assessment of the number of dysfunctions and the depth of the dysfunctional state of the system. At the same time, it is important to evaluate the following elements: goals, functional diversity, application areas, costs of action, time to correction/replacement, stability and susceptibility to changes. Evaluates such essential properties of the institutional environment as coordination of actors' actions, resource intensity.</td>
<td>O.S. Sukharev [7]</td>
</tr>
<tr>
<td><strong>Entropy approach</strong></td>
<td>Assessment of the quality of the institutional environment through changes in disorganization, disorder, the quality of structural and functional organization, information capacity and energy potential of the system as a whole and all its elements.</td>
<td>S.A. Dyatlov [8]</td>
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Quantitative assessment of the quality of the institute by calculating the indicator of information entropy, which takes into account the probability of occurrence of alternative events when using the subject of the institute in question. In fact, it analyzes the ability of the institute to coordinate the actions of actors.

**Effective approach**

Within the framework of certain types of activities, the evaluation of the institute can be determined by calculating their profitability and the economic effect brought. At the same time, the analyzed institutions should have similar characteristics, comparable costs for their creation and functioning, as well as the level of their consideration. Allows us to evaluate two essential properties of the institutional environment - the formation of transaction costs and benefits for the carrier, resource intensity.

A multi-criteria assessment is carried out by calculating an integral weighted indicator that takes into account the adequacy, effectiveness, efficiency of the institute and its compliance with the set goals. Evaluates the properties of the institutional environment - coordination of actors' actions, formation of transaction costs and benefits for the carrier, resource intensity.

**Cost approach**

The costs taken into account when evaluating institutions include the costs of creating institutions and their functioning. The latter, in turn, include the costs of maintaining the institute, the costs of using the institute and losses in case of refusal to use it. In fact, two essential properties of the institutional environment are evaluated - the formation of transaction costs for the carrier, resource intensity.

**Social approach**

The quality of institutions is considered as a nonlinear function of several variables - an indicator of human capital, an indicator of social capital, an indicator characterizing the activity of special interest groups. Also evaluates such essential properties of the institutional environment as inseparability from the carrier, coordination of actors' actions.

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A review of the approaches and methods presented in Table 1 also allows us to see that these conceptual developments cover a much larger list of essential properties of the institutional environment than empirical approaches. Dysfunctional, entropic and social approaches should be singled out as promising. Note, however, that all these approaches are not without drawbacks, which we have mentioned below.

The social approach is promising if in the course of empirical research it is possible to overcome its main limitation - the complexity of selecting indicators for inclusion in the model. In particular, the question arises: by what quantitative parameter to evaluate the activities of special interest groups or the quality of human capital? In addition, the model does not take into account other equally important determinants of the quality of institutions mentioned below.

The approaches and methods classified by us in Table 2 as empirically tested do not differ in significant diversity, which is explained by certain difficulties of empirical research institutes.
So, these problems are mentioned in the works of foreign institutionalists and in general can be described as follows:

1) imperfection (insufficient reliability) of indicators for assessing the quality of institutions;
2) problems related to endogenous variables;
3) collinearity of independent variables, which does not allow them to be considered independent factors;
4) ignoring variables that are significant for the final result;
5) a simplified view of institutions.

Table 2. Modern approaches and methods of institutional environment research, elaborated at the conceptual and empirical levels.

<table>
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<tr>
<th>Assessment approach</th>
<th>Methods within the approach</th>
<th>Presented in the proceedings</th>
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<tr>
<td>The comparative (competitive) approach involves an assessment of competitive advantages institutional environment in relation to the institutional environment of other national or subnational economies</td>
<td>Assessment of the quality of the institutional environment is implemented by the method of ratings (indices). Expert assessments, surveys of residents and open statistical data are used to compile them. IP assessment is widely spread through well-known international ratings, such as Worldwide Governance Indicator, Doing business, The Global Competitiveness Index, Index of Economic Freedom, Corruption Perception Index, Rule of Law Index, Investment Climate Index, as well as institutional indexes of the BEEPS project. Among the national indices, the investment rating of the Institute of Forecasting and Macroeconomic Research under the Ministry of Economy and Finance of Uzbekistan is often used to assess the quality of the institutional environment.</td>
<td>K. S. Jomo [13]; Joseph A. LiPuma, Scott L. Newbert, Jonathan P. Doh [14];</td>
</tr>
<tr>
<td>Legal approach</td>
<td>A quantitative assessment of the quality of the institutional environment was carried out on the basis of an analysis of its density. The authors analyzed the numerical indicators of the database of current legislation: the number of laws adopted in general and by areas of regulation, the proportion of new laws among those adopted, the number of presidential decrees, the distribution of adopted laws by initiators, the &quot;queue length&quot; of the adoption of the law, etc. To assess the quality of institutions, a contextual analysis of commercial legislation was used.</td>
<td>S.G.Kirdina, A.A. Rubinstein, I.V.Tolmacheva [15]</td>
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<tr>
<td></td>
<td>The empirical analysis of the quality of institutions was carried out comprehensively using both quantitative and qualitative methods: lexical measurement, time series econometrics, field research based on interviews.</td>
<td>La Porta R., Lopez-de-Silanes, F., Shleifer, A., R. Vishny [16]</td>
</tr>
<tr>
<td>Normative method</td>
<td>It assumes an assessment of the degree of the gap between the norm (de jure institutions) and the actually observed behavior of actors. In fact, we are talking about the degree of compliance with the rules prescribed formally. Implemented on the example of the</td>
<td>S. Voigt [18]; L. Feld, S.Voigt [19]</td>
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Table 2 shows that the comparative approach implemented by rating and index methods is most in demand today. Well-known international indices are considered to be generally recognized metrics of the quality of institutions today: Worldwide Governance Indicator, Doing business, The Global Competitiveness Index, Index of Economic Freedom, Corruption Perception Index, Rule of Law Index, Investment Climate Index, as well as institutional indices of the BEEPS project.

Within the framework of the rating method, a scientific discussion arose about the relationship between economic growth (GDP per capita) and institutions. Is a high level of per capita income a sign of quality institutions, a consequence of their "work", or do developed affluent societies have more opportunities and resources to create a high-quality institutional environment? How to separate quality institutions from the results of successful economic policy?

The search for answers to these questions has led to the fact that non-cost determinants of the quality of institutions independent of economic policy have been identified in the scientific literature. These are the geographical location of the country, colonial origin, traditions in the legal system, ethnolinguistic fragmentation and provision of natural resources.

In their recent work, Spanish economists D. A. Alonso and K. Garsimartin proposed new determinants of the quality of institutions, which they linked to the following criteria for the quality of the institutional environment [20]:

1) static efficiency - the ability of institutions to coordinate the actions of actors;
2) security (predictability) - the ability of institutions to reduce the uncertainty of interactions;
3) trust (legality) - the ability of institutions to form a legislative framework that really coordinates the behavior of actors;
4) adaptation (dynamic efficiency) - the ability to create incentives for change in actors.

The authors assessed the quality of the institutional environment in 160 countries using the arithmetic mean of the Governance Indicators (The World Bank) indices [21]. To substantiate the determinants of the quality of institutions by methods of correlation analysis, the authors selected the following independent variables: the global competitiveness index, tax revenues, GDP per capita, the level of education of the population, the Gini index, the index of susceptibility to corruption. The analysis showed that such factors as the level of economic development (GDP per capita), the uniformity of income distribution in society, tax revenues and the level of education of the population have the greatest impact on the quality of institutions. According to the authors, these determinants contribute to the development of quality institutions, creating a vicious circle between economic growth and the quality of the institutional environment. The authors called an equal society, reliable tax relations (payment discipline) and a high level of education of the population necessary conditions for the formation of quality institutions. Attempts to determine the determinants of the quality of institutional systems are also present in Russian science. Thus, Kleiner G.B. calls the integrity of the institutional system as such, which reflects the interdependence of the quality of institutions and the socioeconomic system [22]. Without touching on all the proposed criteria, we note the unsuitability of only one of them - sustainability. If we assume that the stability of institutions is an indicator of quality, then the institutions of the shadow economy will be the highest quality in the country.
Let’s pay attention to the criticism of the most popular method of evaluating institutions - the method of ratings. Obviously, due to the structural complexity and versatility of the category "institutional environment", no index is able to adequately describe all its elements. Criticism of the rating method in the scientific literature is as widespread as the method itself. In particular, it is presented in [23,24,25,26,27,28] and consists of the following:

1) most quality indicators are based on subjective assessments of company managers, scientists, and officials whose opinions are influenced by ideology, theory, and prejudice; in addition, the sample itself is not always representative;
2) the measurement mechanism is opaque, implicit value judgments are used;
3) quality indicators do not always make it possible to separate institutions from politics;
4) in the case of composite indexes, the problem of competent aggregation arises;
5) lack of uniform quality of source data for all countries;
6) the "halo effect" noted in Bardhan, P. [29].

Here it is advisable to supplement these criticisms with another new one, arising from the provisions of the theory of institutional matrices: the absolute majority of international ratings assess institutional changes in the economies of various countries of the world from the position of their compliance with the market paradigm of development. In the context of the theory of institutional matrices, this is equivalent to assessing the level of development of institutions in a particular national economy in comparison with the standard - the countries that bear the Y-matrix. But, as you know, many countries are carriers of the X-matrix. Is the measuring ruler of the existing standard applicable to such institutional systems? If so, within what limits? If not, what should be the benchmark for the effectiveness of the institutional sphere for X-matrices? These questions are not even heard in the world scientific community yet.

In the Western school, the terms "assessment of institutions" and "assessment of the protection of private property rights" (the basic institute of the Y-matrix) are used as synonyms in empirical analysis [30]. As a classic example of such an assessment within the framework of a comparative approach, one can cite the work of F. Kiefer and M. Shirley [31], in which the quality of the institutional environment in a country was measured through the degree of protection of property rights and contracts by using an indicator of country risk assessment. This indicator included numerous assessments of the security of property rights and contracts, grouped into five groups: the rule of law, the risk of expropriation of property, refusal to execute contracts by the government, the level of corruption in government structures and the quality of bureaucracy in the country.

As for the approaches being developed in the domestic school, as we have already mentioned, there is currently a large "backlog" in the form of theoretical concepts awaiting their implementation in practice. Among the concepts implemented at the empirical level, following Western economists, domestic researchers actively use the rating/index method [32,33].

6 Conclusion

The functioning of small forms of entrepreneurship (SMEs) creates additional effects of the development of the country's economy, as it generates additional market supply and demand for products and services, as well as labor resources, which, among other things, stimulates competition; contributes to accelerating scientific and technological progress, also encouraging large enterprises to introduce new technologies and increase efficiency.
The development of small industrial entrepreneurship contributes to the rationalization of the use of local sources of raw materials, including secondary raw materials of large-scale industries, as well as the formation of a competitive environment in the markets of factors of production. Thus, from our point of view, the following specifics of the problems of the methodology of the study of institutional transformations in the economy in general and in small industry in particular can be identified [34,35]:

- both in Uzbekistan and abroad, there is a clear shortage of concepts that have been worked out not only at the theoretical level, but also at the empirical level, that is, brought to practical application in relation to the institutions of a specific "problem field" of small industrial enterprises;
- in the light of such a deficit, the popularity of comparative approaches is explained, which make it possible to objectively "probe" the institutional space by creating ratings, in accordance with the objective and subjective data available to science today;
- at the same time, the universality of this method is not obvious, which has an opaque mechanism of formation, and its benchmark for comparison is based solely on the market paradigm of development;
- abstract and theoretical issues of study are actively developing in the domestic school, the Western one, with its pragmatism, "puts" a concept promising for empirical analysis and evaluation in conditions when there is availability and measurability of data, and this inevitably entails a decrease in the reliability of the result obtained.;
- most empirically implemented approaches to evaluation are based on the concept of a "black box".

The systemic institutional nature of the environment as such, the imperfection of existing research methods indicate the need to use a methodological complex to assess the effectiveness of transformations in the development system of small industrial enterprises.

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