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Article

Organizational and Economic Mechanisms of Entrepreneurial Activity in Private Educational Centers: Evidence from Namangan Region, Uzbekistan

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Abstract: Private educational centers have their own set of rules in the market. This paper focuses on those in Namangan Region mostly. Three mechanisms stand out in the analysis. Legal institutional factors and the organizational managerial side tie into the financial economic parts. Interdependencies matter for how well they function in practice. Regional demographic information and economic figures help along with regulatory details. Effectiveness is not uniform it turns out. Integrated application seems to boost competitiveness for the sector. Maybe not every place benefits the same way from it.

Keywords: Educational Services Market, Private Educational Centers, Organizational-Economic Mechanism, Legal-Institutional Mechanism, Financial Management, Namangan Region, Non-State Education

1. Introduction

The educational services market in Uzbekistan has grown fast lately. Private centers like language schools and short job courses keep opening up each year and they matter more now than before. Still the business side of running these places has not been looked at much in studies.

Some new laws came in to change education rules overall. There is one from 2020 plus a few decrees from the president that should set better conditions for private centers to operate. It seems though that these do not hit every region the same way.

This study looks at how private centers in Namangan region handle their setup and money side and whether those things actually help them. The main points involve the legal rules that apply to them and how management inside works day to day. Money questions come up too when it comes to staying steady and making enough. I think some of these parts might need more detail to see clearly [1], [2], [3].

2. Materials and Methods

The methods used included analysis of laws and also data from official sources like the National Statistics Committee. They looked at the market in Namangan region too and modeled things conceptually from what other papers said. A functional systemic approach helped break down the mechanisms into inputs and outcomes.

It feels like they covered several specific documents such as the 2020 education law and resolutions from 2017 on registration plus licensing laws and later ones on electronic

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procedures. Presidential decrees from 2017 up to 2024 were also part of it for support measures.

Data was drawn from 2025 demographic and economic indicators for the region along with reports on the volume of services and institutions. This part might be oversimplifying how it all connects [4], [5], [6].

3. Results

Demographic and Economic Foundations of the Regional Education Market

Namangan Region provides significant demographic and economic prerequisites for the development of education services market. As 1 July 2025, the population of the Namangan Region was 3 158 400; in the youth age category the number of people aged 14–30 amounted to 790 162 (the definite number of the potential consumers of educational services). The registration of 75 689 of children in 2025 demonstrates the durable long-term demand for educational services. From the point of view of economic condition, the average monthly nominal salary in Namangan Region accounts for 4 751 300 soum and makes the topicality of the price policy aspect and affordability of educational services market. The volume of educational services supplied in Namangan Region in 2025 made 2 362.7 billion soum that proves the economic capability of the local educational services market. Institutional framework in the non-state educational market proves the rise of the number of non-state educational institutions, as at the beginning of the 2024/2025 academic year 28 non-state general secondary education institutions were functioning in Namangan Region, what is 2.8 time to the 2020/2021 academic year [7], [8], [9], [10].

The Legal-Institutional Mechanism

The first main mechanism regulating private education market activities is the legal-institutional one. It incorporates five functional elements (figure1): (1) the legal basis; (2) incorporation of the provider; (3) licensing, notification and other permissions; (4) legal requirements; and (5) state support and financial incentives. Legal regulation is grounded on the Law on Education (ORQ-637, 2020), which sets up a framework for regulation of educational relations and defines supplementary education — including private educational centers.

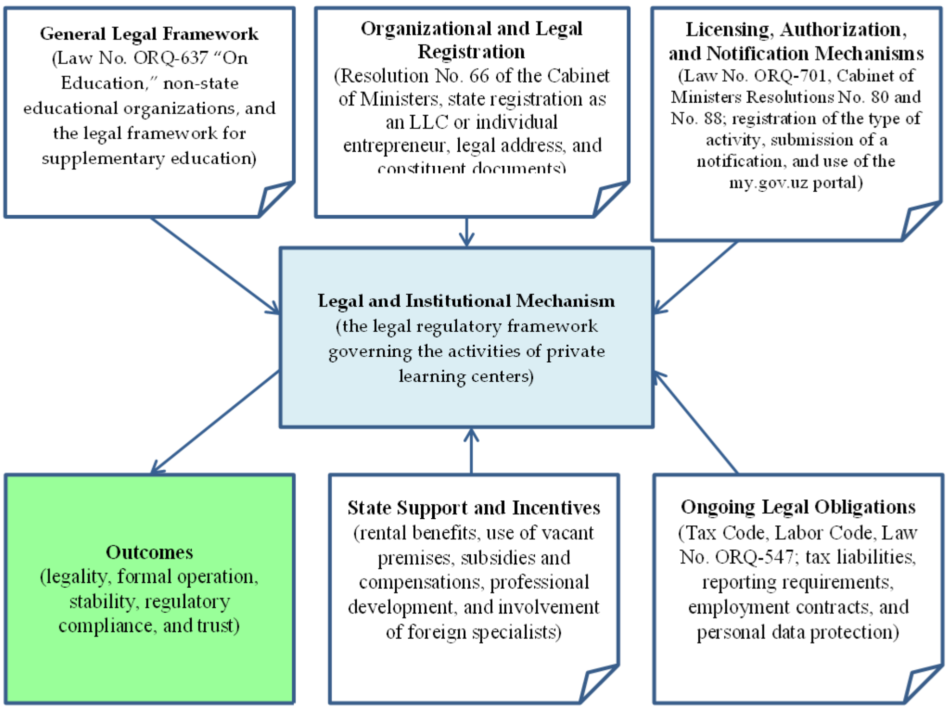

Figure 1. Legal and Institutional Mechanisms for the Entrepreneurial Activity of Learning Centers

Organizing registration is arranged with the status of LLC or solo entrepreneurship under the Cabinet of Minister's Resolution No.66(2017).The legal mode is differentiated by type of the activity: the providers of courses for foreign language learning and supplementary education are supervised by notification procedure (ORQ-701; Resolution No.88, 2022) rather licensing procedure through the platform my.gov.uz, thus significantly easing market entrance requirements. In relation to financial incentives, the Resolution No. PQ-5161 (2021) approved partial compensation of rent and other expenses, access to vacant spaces and some financial expenditures. The Resolution No. PQ-239 (2024) also prescribed a rent compensation for the 100 leading establishments in remote oblasts, and free access to schools' classrooms outside lessons. The implementation at the level of and availability of the information for individual centers will necessarily effect the degree of market regulation.

The Organizational-Managerial Mechanism

The second, organizational-managerial, mechanism has five functional dimensions (figure2): 1) market analysis; 2) curriculum planning; 3) personnel and organizational structure; 4) operational management; 5) quality monitoring. Demand in the regional education market is directed toward foreign languages, preparation for international certifications, and short-term practical courses.

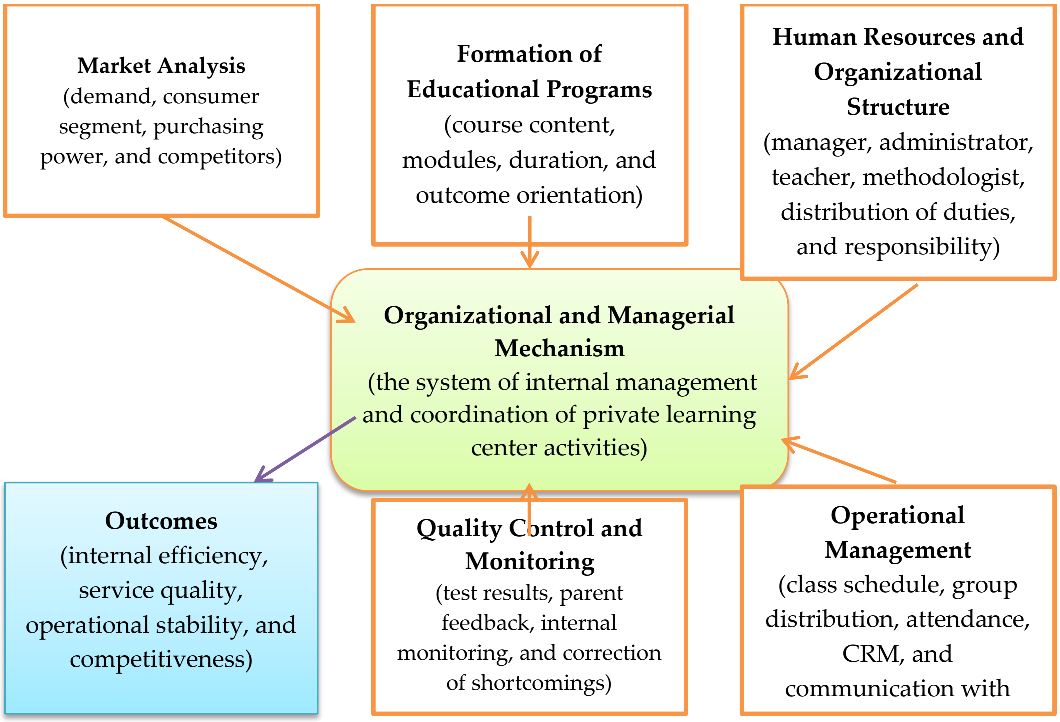

Figure 2. Organizational and Management Mechanisms for Learning Center Entrepreneurship

Creation of a rating system for private education centers of the Resolution PQ-239 (2024), and performance-based incentives for centers, points to the fact that demand originates increasingly not only in course availability but also in reliable institutions that produce results. Educational programmes are gradually shifting from thematic succession to outcome-oriented modular courses. Courses that focus on certification, labor market skills and practical abilities represent a competitive strength. In relation to organizational structure, role definition among administration, teachers and methodologists is a critical element determining quality and discipline. Efficient operational management remains a decisive factor given the importance of the appropriate assignment of schedules and groups, monitoring attendance and CRM systems. Given intense competition and seasonal shifts of demand, operational glitches significantly restrict group utilization, attrition and profitability. The new set of requirements introduced in Resolution PQ-277 (2025), especially the creation of a system of complementary educational activities, stress the need for quality assurance systems integrated into operational procedures.

The Financial-Economic Mechanism

The third main mechanism relates to the financial-economic function. It consists of five sub-mechanisms (figure3): (1) sources of income; (2) the pricing policy; (3) the cost structure; (4) cash flow control and budgeting; (5) state support and financial incentives. While tuition fees are set to cover the majority of expenses; a wide range of additional commercial activities (e.g. course-packages, enrolment fees, corporate training programmes, test-preeparation services, consultancy projects etc.) serve to both reduce the impact of seasonality and contribute towards income diversification and risk reduction. In pricing policy; cost levels are weighed against the quality of course provision, staff quality, the institution's reputation and the school's or local region's market segmentation.

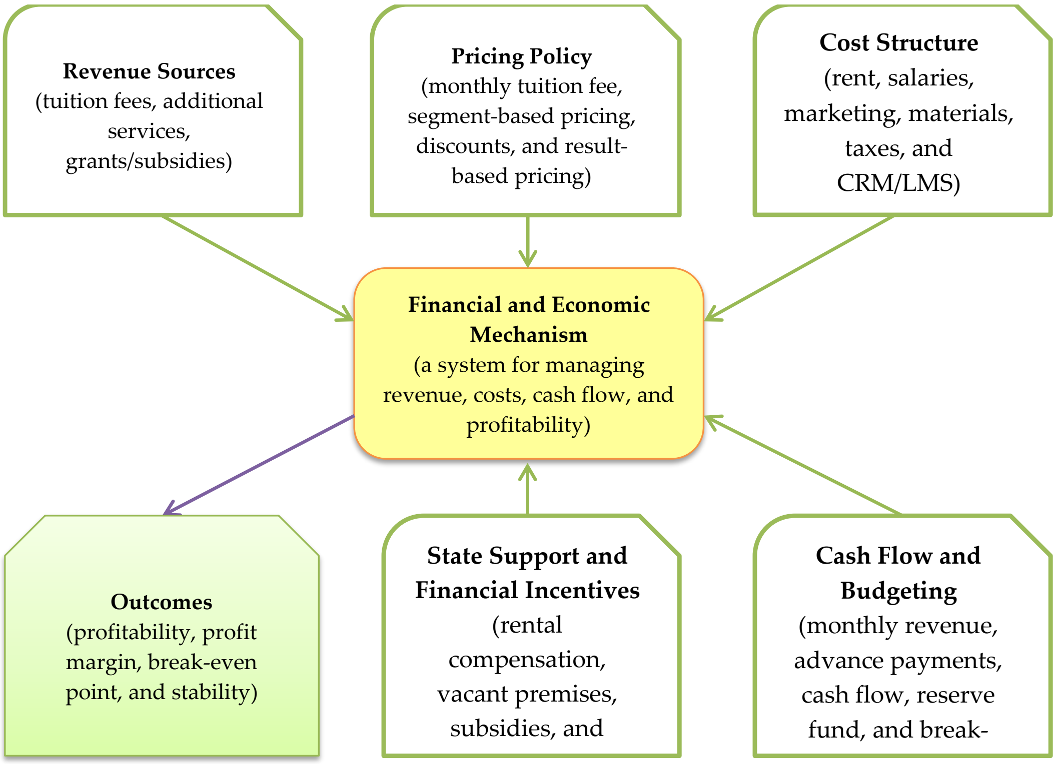

Figure 3. Financial and Economic Mechanisms for Learning Center Entrepreneurship

Particularly in the initial segments of the foreign language and international examinations markets, pricing policies are more and more based on the proven success and dependability of institutional operations. Typical cost items constitute the rental of premises, pay-cheques to teaching staff, related and advertising expenses, learning materials, utility Bills and CRM/LMS platform costs. Cash flow is imperative for efficient financial management, as irregular income generation and seasonal market demand deliver significant financial volatility; a consistent review of monthly income and expenditure, hard cash flow, pre-payments and break-even points contributes to financial management and operational viability.

4. Discussion

The results unambiguously reveal that all the 3 core mechanisms of private education entrepreneurship in Uzbekistan form a single, self-dependent system. The legal-institutional mechanism provides the external legal framework for entrepreneurial activity and regulates the market access. The organizational-managerial mechanism ensures the internal efficiency and quality of services and the financial-economic mechanism defines the sustainability and long run viability of operation. However, the practical efficiency of these mechanisms for each non-state educational institution markedly depends on the criteria of activity, region and organizational status. That means that mechanisms should not differ only by entrepreneurial institutions but also be flexible and region-sensitive. Existing studies on economics of education market in Uzbekistan are mostly performed in general one, on the country level. The current article attempts for the first time to provide regional level analysis, though Namangan Region does not necessarily represent the whole of the country. The achieved results may be used as a basis of comparison in other developing markets, especially on the regions, where non-state sector is developing rapidly. Study's main limitations are the reliance on documentary and analysis tools and failure to perform cross-sectional survey-based empirical research of private educational centers in the Region [11], [12], [13], [14], [15].

5. Conclusion

The present work examines three aligned sets of mechanisms (legal-institutional, organizational-managerial and financial-economic) of private education entrepreneurial activities. The following points are applied. First, the legal-institutional mechanism has been significantly improved with the on-going reform process since 2017: the notification-based registration and targeted state subsidization had cultivated conditions for entrepreneurship in the non-state education market. Second, the organizational-managerial mechanism has become differentiated: outcome-aimed curriculum, organizational functional units and CRM-supported activity management shaped the private educational centers' competitiveness. Third, when it comes to the financial-economic mechanism, reaping benefits from revenue diversification, pricing designed on the empirical evidence and cash flow management discipline would maximize the private educational center's sustainability. The convergence of these three mechanisms would be inevitably necessary; these mechanisms must be used in combination and coordination. Also, the implementation of state support system should be on a differentiated basis to reflect regional inadequacies.

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