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CONTENTS

BUDGETING BASED ON THE BALANCED SCORECARD SYSTEM IN STRATEGIC MANAGEMENT ACCOUNTING.....	8
Pardaeva Shakhnoza Abdinabievna	
TURIZM SOHASIDA TARJIMA NAZARIYASINING O'RNI	13
Bahronova Charos Mirabbos qizi	
THE ROLE OF ESG PRINCIPLES AND DIGITAL TECHNOLOGIES IN THE DEVELOPMENT OF CORPORATE SOCIAL MANAGEMENT SYSTEMS	16
Shokhrukh Abdisalimovich Muratkosimov	
A COMPARATIVE SEMANTIC FIELD ANALYSIS OF "BENEFIT" ACROSS ENGLISH AND UZBEK CULTURES	23
Mohira Husanovna Divanova	
ROSSIYA TIJORAT BANKLARIDA DEPOZIT OPERATSIYALARINI RIVOJLANTIRISHNING O'ZIGA XOS JIHATLARI	30
Rahimov Akmal Matyaqubovich	
USE OF ARTIFICIAL INTELLIGENCE TECHNOLOGIES AGAINST CYBER THREATS IN THE PUBLIC SECTOR.....	37
Nuratdinov Xushnid Begzadovich, Erejepov Kewlimjay Kaymatdinovich	
PUL-KREDIT SIYOSATI INSTRUMENTLARIDAN FOYDALANISH AMALIYOTINI TAKOMILLASHTIRISH ..	42
A.A. Ismailov	
"O'ZBEKISTON TEMIR YO'LLARI" AJNING AMALIY IQTISODIY HOLATI TAHLILI VA OPSIONLARNI ANIQLASH	48
Bobojonova Zarnigor Shokirovna	
COMPARATIVE ANALYSIS OF DEEP LEARNING ALGORITHMS FOR AUTOMATED SKIN DISEASE DIAGNOSIS FROM DERMOSCOPIC IMAGES.....	56
Nazirova Elmira Shodmonovna, Abdusalomova Shokhista Boboyor qizi	
STRATEGY FOR THE DEVELOPMENT OF THE FINANCIAL MARKET OF UZBEKISTAN IN THE CONTEXT OF DIGITAL AND GREEN TRANSFORMATION	61
Muftaydinov Mansur Kiyomidinovich	
TOURISM POTENTIAL OF UZBEKISTAN AND FINANCIAL FACTORS FOR ITS DEVELOPMENT	68
Bau Long	
CASH FLOWS OF "TERRITORIAL ELECTRIC NETWORKS" JSC: COMPREHENSIVE ACCOUNTING ANALYSIS AND METHODOLOGICAL APPROACHES TO IMPROVEMENT.....	75
Djuraev Davlat Djonibekovich	
MONETARY POLICY INSTRUMENTS.....	78
A.A. Ismailov	
ECONOMIC EFFICIENCY OF IMPLEMENTING INNOVATIVE TECHNOLOGIES IN THE SERVICE SECTOR OF REGIONS	83
Abdikayumov Bekzod Turdiniyozovich	
KNOWLEDGE STRATEGY AND ITS SYSTEM OF INDICATORS IN STRATEGIC MANAGEMENT ACCOUNTING.....	89
Pardaeva Shakhnoza Abdinabievna, Pardaeva Zulfizar Alimovna	
ANALYSIS OF THE REGIONAL DYNAMICS AND STRUCTURAL CHARACTERISTICS OF LABOR MIGRATION	95
Mukhtorbek Rahimboyev, Alibek Normurodov	
SUN'IY INTELLEKT ASOSIDA KREDIT RISKLARNI BAHOLOVCHI TIZIMLARNI ISHLAB CHIQISH. MIJOZ SCORE MODEL VA QARORLARNI OPTIMALLASHTIRISH	104
Olimova Mukhlisa Vohidjon qizi	
PUBLIC-PRIVATE PARTNERSHIP IN ESG IMPLEMENTATION: OPPORTUNITIES AND CHALLENGES FOR SUSTAINABLE DEVELOPMENT	111
Khusenova Mekhrangiz	

FORMATION OF MEDICAL TOURISM CLUSTERS IN THE REGION	115
Yusupova Mehribon O'ktamovna	
DIRECTIONS FOR IMPROVING THE INTEGRATION OF SCADA AND ERP SYSTEMS IN OIL AND GAS INDUSTRY ENTERPRISES	120
Abdullaev Munis Kurbonovich	
ANALYSIS OF THE EXPERIENCE OF FOREIGN COUNTRIES IN IMPLEMENTING GREEN PUBLIC PROCUREMENT AND LESSONS FOR UZBEKISTAN.....	125
Ruzimurodova Charos Ural qizi	
AGROTECHNICAL AND INNOVATIVE STRATEGIES FOR ENHANCING GRAIN PRODUCTION EFFICIENCY	129
Turayeva Gulizahro	
MINERALOGICAL OCCURRENCE OF RARE METALS IN THE INGICHKA DEPOSIT AND DEVELOPMENT OF TUNGSTEN EXTRACTION TECHNOLOGY	133
Shodiyev Abbos, Dononov Jasur, Safarov Gulomjon	
STRATEGIC DIRECTIONS OF PUBLIC-PRIVATE PARTNERSHIP COOPERATION IN THE GREEN ECONOMY OF UZBEKISTAN	140
Zukhra Bakhramovna Abdikarimova	
TIME MANAGEMENT IN THE CRAFT ECONOMY: STRATEGIES FOR OPTIMIZING THE TIME RESOURCES OF INDIVIDUAL PRODUCERS	148
Feruza Nazrillaevna Israilova	
DEVELOPMENT STAGES OF THE GREEN ECONOMY IN THE CONTEXT OF GLOBAL SUSTAINABILITY GOALS	154
Muminova Mokhchekhra	
FEATURES AND FACTORS OF WOMEN'S ENTREPRENEURSHIP DEVELOPMENT IN THE DIGITAL ECONOMY.....	160
Ibodullayeva Malohat Sirojiddin qizi	
MECHANISMS FOR POVERTY REDUCTION THROUGH THE DEVELOPMENT OF SMALL BUSINESS AND FAMILY ENTREPRENEURSHIP IN THE SERVICE SECTOR.....	165
Dauletmuratov Adilbay Mirzaboevich	
IMPROVING THE METHODOLOGY OF ENVIRONMENTAL AUDITING AT ENTERPRISES BASED ON A RISK-ORIENTED APPROACH AND DIGITAL EVIDENCE	171
Abdullayev Khurshidjon Nazrullo o'g'li, Khurshidjon Abdullayev	
INTEGRATION MECHANISMS OF DIGITAL ECONOMY TECHNOLOGIES INTO REGIONAL GOVERNANCE SYSTEMS	176
Kurbanova Malika Ahmad kizi	
DEVELOPMENT OF A LOGICAL-LINGUISTIC MODEL OF THE KOREAN NOUN CATEGORY AND CREATION OF A PREFIX AND AFFIX DATABASE.....	181
Yendirboyeva Zumrad Zohidjon qizi	
THEORETICAL AND INSTITUTIONAL FOUNDATIONS OF MANAGING STATE SHARES IN BUSINESS ENTITIES	186
Akmaljon Valijonov	
ENSURING OBJECT SECURITY AND ANALYZING INFORMATION SECURITY BASED ON NEURAL NETWORKS.....	190
Babayazov Saidbek Po'latovich, Sultamuratova Dilnoza Gulmurotovna	
FUNDAMENTAL METHODS FOR IDENTIFYING AI-GENERATED DATA IN ACADEMIC AND ONLINE PUBLICATIONS USING MACHINE LEARNING AND NLP MODELS.....	196
Abdullaev Munis Kurbonovich, Kungratov Ilmurod Kuzibay ugli	
QUALITY ASSURANCE OF NON-AUTOCLAVED AERATED CONCRETE WITH THE ADDITION OF CMC (CARBOXYMETHYL CELLULOSE)	204
Pulatova D.G., Akhundjanov K.A.	
INTEGRATION MECHANISMS OF DIGITAL ECONOMY TECHNOLOGIES INTO REGIONAL GOVERNANCE SYSTEMS	210
Kurbanova Malika Ahmad kizi	

IMPROVING TAX ADMINISTRATION IN UZBEKISTAN AND ITS SOLUTIONS	215
Shamsiyev O'ktam Sayfitdinovich	
ASSESSING THE SOURCES AND QUALITY OF REGIONAL ECONOMIC GROWTH USING THE SOLOW MODEL.....	222
Turaev Bakhtiyor Ergashevich	
THEORETICAL AND METHODOLOGICAL FOUNDATIONS OF BANKING SYSTEM DIGITALIZATION	228
Suyunov Feruz, Ergashov Firdavs, Norqulov Habibullo	
HARDWARE-AWARE PERFORMANCE OPTIMIZATION OF YOLOV8 FOR REAL-TIME APPLICATIONS: GPU ACCELERATION WITH TENSORRT AND AN ANALYTICAL FPGA COMPARISON.....	232
Ulugbek Tursunaliyev, Bakhromjon Tulkinov	
DEVELOPMENT OF SPATIAL INFORMATION MODELS OF TERRITORIAL DEVELOPMENT TAKING INTO ACCOUNT ENVIRONMENTAL FACTORS (ON THE EXAMPLE OF THE REPUBLIC OF KARAKALPAKSTAN AND THE ARAL REGION)	241
Reymova Gulmira Polatovna	
LEADERSHIP STYLES AND QUALITY ASSURANCE CULTURE IN UNIVERSITIES.....	248
Urinov Bobur Nasilloevich	
SOCIO-ECONOMIC MECHANISMS FOR ENHANCING THE EFFECTIVENESS OF SCIENTIFIC RESEARCH AND INCENTIVE SYSTEMS IN THE AGRICULTURAL SECTOR.....	256
Zafar Ibragimovich Xakimov	
SOCIOLINGUISTIC FEATURES OF NEGATIVE AESTHETIC EVALUATION UNITS DENOTING PHYSICAL APPEARANCE IN ENGLISH AND UZBEK.....	260
Qalandarova Shaxzoda Qurbonboy qizi	
REMITTANCE INFLOWS AND THE SUSTAINABILITY OF ECONOMIC GROWTH: A TIME-SERIES ANALYSIS FOR UZBEKISTAN.....	265
O. B. Gimranova	
FORECAST INDICATORS, PROSPECTS, AND OUTCOMES OF DEVELOPING THE MECHANICAL ENGINEERING INDUSTRY THROUGH GREEN INVESTMENTS.....	271
Xursandov Komiljon Maxmatkulovich	
FEATURES AND FACTORS OF WOMEN'S ENTREPRENEURSHIP DEVELOPMENT IN THE DIGITAL ECONOMY.....	276
Ibodullayeva Malohat Sirojiddin qizi	
FACTORS INFLUENCING TAX REVENUE EFFICIENCY IN UZBEKISTAN IN THE CONTEXT OF SUSTAINABLE DEVELOPMENT	282
Jurayev Xusan Atamuratovich	
THE DIGITAL GASTRONOME: HOW TECHNOLOGY CONNECTS TOURISTS, RESTAURANTS, AND DIGITAL PLATFORMS	286
Freshta Qayoumi	
THE REPRESENTATION OF RESTRICTED LEXICON IN FRENCH LITERARY WORKS	290
Gulnoz Akhmedova	
RESEARCH ON THE TRANSMISSION MECHANISMS AND IMPLEMENTATION PATHS OF SHANDONG PROVINCE'S "SILVER ECONOMY" DEVELOPMENT EXPERIENCE IN THE FERGANA REGION	294
Zhang Zhe	
APPLICATION OF NET PRESENT VALUE ANALYSIS TO SHORT-TERM PERSONAL FINANCIAL DECISIONS	299
Akhunova Elena Anvarovna	
ECONOMIC OPPORTUNITIES FOR INCREASING EMPLOYMENT THROUGH THE DEVELOPMENT OF SMALL BUSINESS ENTITIES IN KHOREZM REGION	307
Azadova Gulnoza Sardorbekovna	
DEVELOPMENT TRENDS AND INSTITUTIONAL FEATURES OF THE STOCK MARKET IN THE REPUBLIC OF UZBEKISTAN	313
Nargiza E. Jiyanova, Diana D. Qurbaniyazova	
MODELING AND FORECASTING THE SCIENTIFIC PUBLISHING ACTIVITY OF HIGHER EDUCATION INSTITUTIONS (A CASE STUDY OF SCOPUS DATA)	321
Ozoda B. Sakieva	

YELLOW TOURISM: CONCEPTUAL CONTOURS, SPECTATORIAL LOGICS, AND THE POLITICS OF JOYFUL MOBILITY	326
Samiev Siroj, Ochilova Guli	
SHAKESPEARE'S CREATIVE METHOD: ADAPTATION, COLLABORATION, AND THEATRICAL REFINEMENT	334
Mirzakhidova Nozima Ulugbek kizi	
THE IMPACT OF TOURISM ON UNESCO SITES: THE CASE OF SAMARKAND	338
Samiev Siroj, Kakhramanova Maftuna	
MODERN METHODS FOR ASSESSING ECONOMIC EFFICIENCY UNDER CONDITIONS OF DIGITAL TRANSFORMATION	344
Meyliyev Farrux Ikrom o'g'li	
INTEGRATION OF ESG PRINCIPLES INTO THE CORPORATE GOVERNANCE SYSTEM OF STATE-OWNED ENTERPRISES IN UZBEKISTAN: KEY BARRIERS AND PRACTICAL SOLUTIONS.....	349
Jumadullaeva Durdona Shukhrat qizi	

INTEGRATION OF ESG PRINCIPLES INTO THE CORPORATE GOVERNANCE SYSTEM OF STATE-OWNED ENTERPRISES IN UZBEKISTAN: KEY BARRIERS AND PRACTICAL SOLUTIONS

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Abstract. This article examines the theoretical and practical aspects of integrating ESG principles into the corporate governance system of state-owned enterprises in Uzbekistan. Based on an analysis of national regulatory documents, materials from international organizations, and public reports of large state-owned companies and state-owned banks, the key barriers to ESG implementation are identified. These include legal and regulatory, institutional, organizational and managerial, socio-cultural, and economic barriers. The article proposes a concise classification of these barriers and develops a step-by-step roadmap for integrating ESG principles into the corporate governance of state-owned enterprises, including short-, medium-, and long-term measures. It is concluded that the successful integration of ESG principles requires a combination of regulatory improvements, institutional strengthening, human capital development, and the formation of a sustainable development culture in the public sector.

Keywords: ESG principles, corporate governance, state-owned enterprises, joint-stock companies with state participation, state-owned banks, sustainable development, non-financial reporting, implementation barriers, Uzbekistan.

Annotatsiya. Mazkur maqolada O'zbekistondagi davlat ishtirokidagi korxonalarning korporativ boshqaruv tizimiga ESG tamoyillarini integratsiya qilishning nazariy va amaliy jihatlarini tadqiq etilgan. Milliy normativ-huquqiy hujjatlar, xalqaro tashkilotlar materiallari hamda yirik davlat korxonalari va davlat banklarining ochiq hisobotlari tahlili asosida ESG tamoyillarini joriy etishdagi asosiy to'siqlar aniqlangan. Ular huquqiy-me'yoriy, institutsional, tashkiliy-boshqaruv, ijtimoiy-madaniy va iqtisodiy omillar sifatida tasniflangan. Shuningdek, davlat ishtirokidagi korxonalarida ESG tamoyillarini korporativ boshqaruv tizimiga bosqichma-bosqich integratsiya qilish bo'yicha qisqa, o'rta va uzoq muddatli chora-tadbirlarni o'z ichiga olgan amaliy yo'l xaritasi ishlab chiqilgan. Tadqiqot natijalari ESG tamoyillarini muvaffaqiyatli joriy etish normativ-huquqiy bazani takomillashtirish, institutsional salohiyatni mustahkamlash, inson kapitalini rivojlantirish va barqaror rivojlanish madaniyatini shakllantirish bilan chambarchas bog'liqligini ko'rsatadi.

Kalit so'zlar: ESG tamoyillari, korporativ boshqaruv, davlat ishtirokidagi korxonalar, davlat ulushi mavjud aksiyadorlik jamiyatlari, davlat banklari, barqaror rivojlanish, nomoliyaviy hisobot, joriy etishdagi to'siqlar, O'zbekiston.

Аннотация. В статье исследуются теоретические и практические аспекты интеграции принципов ESG в систему корпоративного управления предприятий с государственным участием в Узбекистане. На основе анализа национальных нормативно-правовых документов, материалов международных организаций, а также публичной отчетности крупных государственных компаний и банков с государственным участием выявлены основные барьеры внедрения ESG-принципов. Они классифицированы как нормативно-правовые, институциональные, организационно-управленческие, социально-культурные и экономические. Предложена поэтапная дорожная карта интеграции ESG-принципов в систему корпоративного управления государственных предприятий, включающая краткосрочные, среднесрочные и долгосрочные меры. Сделан вывод о том, что успешная интеграция ESG требует совершенствования нормативной базы, укрепления институционального потенциала, развития человеческого капитала и формирования культуры устойчивого развития в государственном секторе.

Ключевые слова: ESG-принципы, корпоративное управление, предприятия с государственным участием, акционерные общества с государственным участием, государственные банки, устойчивое развитие, нефинансовая отчетность, барьеры внедрения, Узбекистан.

INTRODUCTION

Globally, the integration of sustainable development principles, namely environmental, social, and governance (ESG) principles, into corporate governance systems is becoming increasingly important. Investors and international financial institutions use ESG criteria to assess the sustainability, responsibility, and long-term resilience of businesses. The implementation of ESG principles not only enhances companies' reputations but also improves risk management and strengthens investor confidence, which ultimately has a positive impact

on company value and access to capital. According to expert assessments, improved corporate governance can contribute to a 20–30 percent increase in company market value, as well as to the growth of national stock market capitalization and the expansion of opportunities for attracting foreign investment. These factors are particularly relevant for developing economies, where companies with state participation play a significant role.

State-owned enterprises occupy key positions in the Uzbek economy, supporting strategically important sectors such as energy, mining, transport, infrastructure, and other priority areas. The country's sustainable development and the fulfilment of social obligations largely depend on the effectiveness of their corporate governance. Recognizing this, Uzbekistan has initiated large-scale corporate governance reforms in the public sector in recent years. In 2015, a voluntary Corporate Governance Code was adopted based on international principles and aimed at enhancing transparency, accountability, and companies' focus on long-term sustainable development. The reforms initiated under the country's new leadership in 2017 prioritized increasing transparency, ensuring sustainable development, and creating effective governance institutions. A significant step in this direction was the publication in 2021 of the Republic of Uzbekistan's first sovereign ESG report, which reflected progress toward achieving the Sustainable Development Goals and implementing government reforms. This report demonstrated the country's commitment to the principles of good governance, sustainability, and global openness.

At present, the integration of ESG principles has been declared at the national strategy level as one of the key priorities for the development of large state-owned companies. A number of major enterprises, including JSC Uzbekneftegaz, Navoi Mining and Metallurgical Company, Almalyk Mining and Metallurgical Complex, and others, have already started publishing non-financial reports in accordance with GRI standards and plan to obtain ESG ratings in order to enhance their investment attractiveness. At the same time, institutional mechanisms are being developed. In particular, an ESG Center of Excellence has been established under UzAssets to implement international standards, train specialists, and coordinate ESG initiatives of state-owned companies.

Despite these positive developments, the level of ESG integration into the corporate governance of Uzbek state-owned companies remains at the stage of gradual formation, and the process faces a number of significant barriers. The purpose of this article is to analyze the current state of ESG integration into the corporate governance system of state-owned enterprises in Uzbekistan, identify the key obstacles in this area, and propose practical solutions to overcome them.

LITERATURE REVIEW

Research on corporate governance and ESG principles over the past two decades demonstrates a stable relationship between the quality of governance institutions, access to capital, and the sustainability of companies. A literature review on corporate governance in developing countries conducted by S. Claessens and B. Yurtoglu shows that improvements in corporate governance contribute to an increase in firm value, a reduction in the cost of capital, expanded access to financing, and more favourable treatment of stakeholders. This effect is particularly strong in economies with institutional gaps and weak investor protection.

A number of studies show that corporate governance acts as a connecting link between ESG and financial performance. Empirical research conducted in Middle Eastern and Asian countries demonstrates a positive relationship between ESG disclosure, the quality of corporate governance, and the financial resilience of companies, especially in the context of structural reforms and external shocks such as the COVID-19 pandemic.

In the updated 2024 edition of the OECD Guidelines, additional emphasis is placed on the fact that state-owned enterprises should contribute to sustainability, economic security, and economic resilience, including through climate-related reporting, ESG risk management, and accountability to stakeholders.

The World Bank's *Corporate Governance of State-Owned Enterprises: A Toolkit* offers a practical framework for reforming corporate governance in the state sector, covering ownership structure, the role of the state, transparency, financial reporting, and stakeholder relations. The document stresses that state-owned enterprises should comply with the same disclosure and audit standards as publicly listed companies and should introduce performance evaluation systems that take into account not only financial but also non-financial indicators. Recent World Bank materials on state-sector reform further develop this position by proposing an integrated approach to managing state-owned enterprises, including strengthened climate reporting and resilience.

Studies focused specifically on ESG in state-owned enterprises have emerged relatively recently. Analyses of the role of state-owned companies in sustainable transformation show that SOEs possess significant potential to implement the green and social agenda. However, their results may vary due to conflicts between commercial profitability and public objectives, political influence, and the quality of corporate governance. Empirical research on the ESG performance of state-owned companies in China and other countries indicates

that state ownership can either strengthen or weaken ESG outcomes depending on institutional quality and transparency. Where clear rules and independent oversight exist, SOEs are more likely to invest in green projects and social infrastructure, whereas under weak institutional conditions ESG implementation may remain largely formal.

In the context of Uzbekistan, research on ESG and corporate governance is still limited but is developing rapidly. Existing studies analyze the specific features of corporate governance in companies with state participation, the impact of reforms on the efficiency of the state sector, and the need to adopt OECD best practices. National regulatory documents, including the Corporate Governance Code, the strategy for reforming state-owned enterprises, and new ESG reporting requirements, largely rely on international standards and the conclusions of these studies, while adapting them to the national legal and institutional environment. Against this background, there remains a research gap related to the comprehensive analysis of barriers and practical mechanisms for ESG integration specifically in Uzbekistan's state-owned enterprises and state-owned banks. This article addresses this gap by linking the global ESG agenda and international standards with the specific features of the national corporate governance system and state-sector reforms.

RESEARCH METHODOLOGY

The study is qualitative and analytical in nature. It includes a review of the regulatory and legal framework of the Republic of Uzbekistan in the field of corporate governance and sustainable development, including the 2015 Corporate Governance Code of Uzbekistan and strategic government documents. The study also analyzes corporate reports and publicly available information from a number of major state-owned companies.

To identify barriers, content analysis was applied to academic publications and reports of international organizations, including the OECD, World Bank, IFC, UNCTAD, GRI, and others, dealing with corporate governance in state-owned enterprises and the implementation of ESG principles. A comparative analysis of international standards and practices, such as the OECD Guidelines on Corporate Governance of State-Owned Enterprises, GRI Standards, and EU directives on sustainability reporting, was carried out and compared with the current situation in Uzbekistan. In addition, empirical data on corporate governance in Uzbek companies with state participation, available from open sources and previous studies, were used.

The main focus is on identifying groups of barriers, including legal, institutional, organizational and managerial, socio-cultural, and economic barriers, that hinder ESG integration, as well as on developing proposals to overcome them. For clarity, the results of the barrier classification and the proposed measures are presented in table form. The reliability of the conclusions is ensured through the use of multiple sources and the comparison of different domestic and international viewpoints. This methodological approach makes it possible to assess the problem comprehensively and develop recommendations tailored to the specific context of Uzbekistan.

ANALYSIS AND RESULTS

Corporate Governance and ESG in the National Public Sector. The analysis shows that Uzbekistan has established a foundational framework for integrating ESG principles into the activities of state-owned enterprises; however, practical implementation remains at an early stage. From a regulatory perspective, the voluntary Corporate Governance Code (2015) promotes adherence to international best practices. The Code is based on the principles of accountability, transparency, reliability of information, high ethical standards, and a focus on the long-term sustainable development of joint-stock companies. Thus, the concept of sustainable business development is already embedded within the national corporate governance framework. Nevertheless, because the Code has largely operated under the “comply or explain” principle, many state-owned enterprises have not yet fully integrated its recommendations into their governance practices.

In recent years, driven by ongoing reforms and evolving international requirements, attention to ESG issues has increased significantly. The Government of Uzbekistan has incorporated the objectives of green economic transformation and enhanced transparency of state-owned enterprises into its policy agenda. In 2021, the Strategy for the Management and Reform of State-Owned Enterprises for 2021–2025 was adopted, encouraging improvements in both financial and non-financial reporting.

Since 2019–2021, several major enterprises have voluntarily begun disclosing sustainability-related information. For example, Navoi Mining and Metallurgical Company and JSC “Uzbekneftegaz” were among the first organizations to publish sustainability reports prepared in accordance with GRI Standards. Other companies, including JSC “Almalyk MMC” and JSC “Uzkimyosanoat,” have introduced separate environmental and social responsibility policies. These developments indicate the gradual formation of a corporate sustainability reporting culture within the public sector.

Government Initiatives and ESG Requirements. Since 2022, ESG integration has become the subject of more direct regulatory measures. The Government's Action Plan for Improving the Business Environment included initiatives aimed at promoting ESG systems and sustainable management practices in state-owned enterprises. By early 2024, updated corporate governance requirements had been developed for enterprises with state participation, encouraging the implementation of standards related to environmental protection, occupational health and safety, and social responsibility.

A significant milestone was the introduction of mandatory non-financial reporting. According to Resolution No. 561 of the Cabinet of Ministers, dated 25 November 2024, state-owned enterprises are required to publish annual reports on ESG-related activities and corporate social responsibility. This measure expanded earlier reporting requirements and represents an important step toward the systematic collection, disclosure, and evaluation of ESG information throughout the public sector.

To support the implementation of these requirements, the Agency for the Management of State Assets (UzSAMA) developed methodological guidelines recommending that enterprises disclose environmental, social, and governance risks, together with relevant performance indicators. Particular attention is given to stakeholder engagement and materiality assessment. For example, JSC "Uzbekneftegaz" identified occupational health and safety as one of its most material sustainability issues through stakeholder consultations.

In addition to reporting requirements, the government encourages state-owned enterprises to undergo independent ESG assessments and obtain ESG ratings. The State Programme for 2025 envisages an assessment of the readiness of major enterprises to implement ESG principles, followed by the development of targeted action plans for sustainable management practices. Several leading companies, including JSC "Uzbekneftegaz," Navoi Mining and Metallurgical Company, Almalyk Mining and Metallurgical Complex, "Uzbekistan Airports," and "Uzbekistan Airways," are expected to obtain ESG ratings from international agencies. By the end of 2025, a number of state-owned enterprises had already received ESG ratings, particularly in the energy and extractive sectors. Strong ESG performance is increasingly viewed as a factor that enhances access to international capital markets and strengthens investor confidence.

Progress and Remaining Challenges. Overall, Uzbekistan has established a regulatory and institutional basis for integrating ESG principles into the corporate governance systems of state-owned enterprises. The recommendations of the Corporate Governance Code remain in force, ESG reporting requirements have been introduced, and the ESG Implementation Roadmap for 2024–2026 is being implemented under the coordination of JSC "UzAssets." With the support of international organizations such as the EBRD and ADB, training programs, seminars, and advisory initiatives on sustainable development are being conducted for state-owned enterprises.

Large enterprises have begun disclosing ESG information, and a practice of independent sustainability assessment is gradually emerging. However, the level of awareness, expertise, and readiness for comprehensive ESG implementation among many state-owned enterprises remains limited. International studies indicate that awareness of sustainable development issues in Uzbekistan is still developing compared to some neighboring countries. In many cases, ESG requirements are viewed primarily as compliance obligations rather than as strategic instruments for long-term value creation and risk management.

This situation demonstrates the existence of significant barriers that hinder effective ESG integration. The analysis identified several categories of barriers, including legal and regulatory, institutional, organizational and managerial, socio-cultural, and economic barriers. The classification of these key obstacles within the context of Uzbekistan's state-owned enterprises is presented in Table 1.

Table 1

Classification of the main barriers to the implementation of ESG principles in state-owned companies of Uzbekistan¹

Categories of barriers	Description
Legal and regulatory	ESG remained largely voluntary for a long time, with weak enforcement and a primary focus on financial metrics.
Institutional	Strong interference by state bodies, principal-agent conflict, and weak interagency coordination.
Organisational and managerial	No dedicated ESG units or data collection systems, KPIs focused only on financials, weak ESG risk control.
	Formal, box-ticking approach to ESG, low stakeholder engagement, and a shortage of sustainability competencies.
Socio-cultural	High investment costs, weak market incentives, and incomplete alignment with national climate and "green growth" goals.

1 author's work

Legal and Regulatory Barriers. Until recently, Uzbekistan's legislation did not contain direct obligations related to ESG implementation. Most recommendations were voluntary in nature, while enforcement mechanisms for non-financial disclosure remained insufficiently developed. Mandatory ESG reporting requirements for state-owned companies were introduced only in 2024. Nevertheless, there is still no unified law or code that directly requires companies to systematically follow sustainable development principles.

Institutional Barriers. This category includes challenges related to the governance system of the state sector and the allocation of institutional responsibilities. First, a high degree of involvement by state bodies in the operational activities of companies may reduce management incentives to focus on long-term sustainability. Another institutional barrier is the absence of a single coordinating body for sustainable development. Different areas, such as environmental protection, social responsibility, and corporate governance, are overseen by different institutions, while coordination between them remains limited.

Organizational and Managerial Barriers. At the level of individual enterprises, the main obstacle is insufficient internal capacity and the limited development of ESG practices. Many state-owned companies lack specialized units or positions responsible for sustainability, and ESG data collection processes are not yet fully established. Staff often do not possess the necessary expertise. For example, the transition to international financial reporting standards (IFRS) required significant efforts to train finance departments and involve external consultants. Similarly, the introduction of environmental management systems or social standards requires staff training, which remains insufficient in many enterprises. In addition, internal regulations and key performance indicators have traditionally not included indicators related to environmental performance, occupational safety, gender diversity, and similar issues. Management has mainly focused on achieving production and financial targets. As a result, ESG is not always perceived by management as an integral part of the performance evaluation system. State-owned enterprises also often continue to use traditional control and audit practices that require further modernization.

Economic and External Barriers. ESG integration may require substantial financial and technological resources. For companies with state participation, especially in infrastructure and extractive industries, upgrading production processes to meet environmental standards requires large investments. Limited financial resources and competing priorities, such as the need to maintain affordable tariffs for the population, may complicate the justification of such expenditures. In addition, the investment environment in Uzbekistan is only beginning to incorporate ESG considerations. Until recently, banks and investors rarely required ESG information from companies. However, the situation is changing as Uzbekistan increasingly enters international capital markets. The largest state-owned companies have already issued Eurobonds, and investors have begun to pay greater attention to the transparency and sustainability of issuers. In 2021, Uzbekistan issued ESG bonds, which raised the requirements for disclosing environmental and social risk data. Nevertheless, economic incentives are still not equally evident for all state-owned enterprises, as many of them do not directly attract external investors and therefore do not experience strong market pressure.

The analysis shows that these barriers are complex in nature: regulatory gaps are compounded by institutional limitations and internal resistance within companies. However, many of these obstacles can be gradually overcome. International experience demonstrates that, with targeted policy measures and appropriate incentives, state-owned companies are capable of transforming their governance systems and embedding sustainable development principles into their operations. The next section discusses possible approaches and solutions adapted to the Uzbek context that can help overcome these barriers.

For the successful integration of ESG principles into the corporate governance of state-owned enterprises in Uzbekistan, a comprehensive set of measures is required to address the identified barriers. Drawing on international standards and the national context, the following practical solutions can be proposed.

1. **Improvement of the Regulatory Framework and Standards.** It is necessary to move from voluntary recommendations to binding ESG requirements for state-owned enterprises. In the short term, it is important to ensure full compliance with already adopted norms, including the publication of ESG reports and the implementation of environmental and social standards. In the medium term, a unified state ownership policy on the sustainable development of state-owned enterprises should be developed and adopted.

In some countries, such policies require state assets to comply with responsible business conduct principles. For example, Finland's State Ownership Policy obliges state-owned companies to conduct human rights due diligence and integrate these principles into their operations and supply chains. For Uzbekistan, it would be appropriate to codify similar principles, possibly in the form of a government resolution or decree requiring state-owned enterprises to integrate ESG risks into their management systems. In addition, it is advisable to consider developing a separate law or introducing amendments to existing legislation on enterprises with state participation that would define the foundations of corporate social responsibility, environmental requirements, and transparency principles.

2. **Strengthening Institutional Support and Coordination.** To overcome the fragmentation of efforts, a unified

ESG coordination center for the public sector is needed. This role could be performed by the already established ESG Center of Excellence under UzAssets or by an interagency council. Its tasks should include developing methodological materials, organizing training and best-practice exchange among enterprises, monitoring progress, and providing advisory support on complex ESG implementation issues.

It is also advisable to incorporate ESG indicators into the performance evaluation system for managers, including KPIs for top management. This would help reduce the imbalance in which top managers focus mainly on financial results. Their bonuses and contracts should include criteria related to occupational safety, environmental performance, innovation, social responsibility, and similar factors.

Furthermore, it is important to align ESG objectives with the broader privatization and state-sector reform agenda. As the state's ownership share is gradually reduced through equity sales and investor attraction, requirements for disclosure and sustainability should become more comprehensive in order to prepare companies for competition and stock exchange listings.

3. Building Corporate Capacity: Training, HR Policy, and Internal Systems. Overcoming organizational barriers requires investment in human capital and management infrastructure. In all major state-owned enterprises, it is advisable to introduce the position of Chief Sustainability Officer or appoint a deputy CEO responsible for the ESG agenda. In parallel, working groups on sustainable development should be formed, including representatives of different departments, such as production, occupational safety, environmental protection, finance, and human resources. This would allow ESG metrics to be integrated into all business processes.

These working groups may develop corporate ESG strategies and action plans. Large-scale training is also necessary. With the involvement of international experts, including through IFC, EBRD, and ADB programs, training sessions should be organized for the management of state-owned enterprises on ESG risk management, ESG reporting, energy efficiency, social dialogue, and related topics.

4. Economic Incentives and Support for the Transition. Clear economic incentives are needed to encourage state-owned enterprises to invest in sustainability. First, ESG factors should be integrated into the performance evaluation system for state-owned enterprises. Currently, enterprises are primarily assessed on the basis of financial and production indicators. However, it would be appropriate to add indicators such as emissions reduction, energy savings, localization of production, and compliance with labor standards. These indicators may influence decisions on renewing management contracts, bonus payments, and other incentive mechanisms.

Second, the “comply or explain” principle should be applied more consistently. If a company cannot comply with a specific recommendation, for example, if it lacks independent directors or does not conduct environmental audits, it should provide a well-grounded explanation and a remedial action plan. “Comply or explain” reports should be published openly so that shareholders and society can assess which companies are progressing and which require additional support.

Third, financial instruments should be used more actively. For instance, preferences may be granted to enterprises that proactively implement ESG principles. These could include concessional loans for environmental projects through the Fund for Reconstruction and Development or state-owned banks, similar to green financing instruments offered by IFC and other international institutions.

The overall action plan for ESG implementation can be presented in the form of a roadmap with measures distributed across implementation stages (Table 2).

Table 2
Roadmap for the implementation of ESG principles in state-owned companies of Uzbekistan²

Stage	Main actions (briefly)	Key outcome
Short term	Establishment of an ESG coordination body, baseline assessment of the current level, launch of training programmes.	Understanding of the starting position and creation of a single centre of responsibility.
Medium term	Introduction of ESG KPIs, appointment of responsible persons in companies, launch of regular ESG reporting, first pilot projects.	ESG is embedded in the management and incentive system, with measurable results emerging.
Long term	Transition to international standards (GRI/ESRS, ISO), deepening engagement with stakeholders, integration of ESG risks into strategic planning.	ESG becomes part of the corporate culture and development strategy of state-owned companies.

The proposed roadmap will undoubtedly need to be refined as practical experience is accumulated.

Flexibility is particularly important in this process, since different sectors have their own specific characteristics. For example, banks focus more on corporate governance and social risks, while industrial enterprises place greater emphasis on environmental issues and occupational safety. Nevertheless, the overall direction is clear: ESG principles should be integrated gradually, consistently, and systematically into all elements of corporate governance in state-owned enterprises.

Comparison with International Standards and Best Practices. A comparison of Uzbekistan's current practice with international standards shows that the country is moving in line with global trends, while taking into account specific national characteristics and the gradual nature of reforms. Table 3 summarizes how the main ESG governance directions correspond to international benchmarks and the current situation in Uzbekistan (Table 3).

Table 3

International ESG standards and Uzbekistan's practice³

ESG block /standard	International benchmark	Practice of Uzbek state-owned companies
Governance (OECD Guidelines on Corporate Governance of SOEs)	Independent boards, clear separation of the state's roles, high transparency.	The Corporate Governance Code has been adopted; independent directors are present, but their share and real influence remain limited.
Sustainability disclosure (GRI, CSRD/ESRS)	Annual reports, detailed ESG indicators, external assurance.	Mandatory ESG reporting has been introduced; leading companies use GRI, but the quality and completeness of data are still uneven.
Environment and climate	Targets for emission reduction, energy efficiency, BAT, strict regulatory oversight.	National climate targets exist, while concrete climate-related KPIs at company level are only beginning to take shape.
Social dimension and human rights	Compliance with ILO standards, human rights due diligence, and D&I practices.	Basic labour rights are enshrined in law and CSR activities are present, but a modern ESG approach (human rights, gender, D&I) is only at an early stage.
Anti-corruption and risk management	Codes of ethics, compliance systems, whistleblower protection, disclosure of executive remuneration.	Anti-corruption reforms are under way and compliance functions are emerging, but remuneration disclosure and risk-based approaches remain partial.

Overall, the comparison shows that Uzbekistan has chosen an appropriate strategic direction and is gradually adopting international standards. There are no fundamental contradictions between global ESG principles and the country's declared national objectives. The key issue lies in the pace, consistency, and completeness of practical implementation.

OECD principles on the governance of state-owned enterprises are reflected in national strategies; however, they still require full practical realization. This includes advancing privatization processes, strengthening the professional independence of corporate governance bodies, enhancing the role of independent directors, and ensuring greater transparency and accountability in the management of state-owned enterprises.

CONCLUSION AND RECOMMENDATIONS

The study has shown that the integration of ESG principles into the corporate governance of state-owned enterprises in Uzbekistan is a complex and multidimensional process that is still at an early stage of implementation. On the one hand, a regulatory framework has been established, including the Corporate Governance Code, reform strategies, and ESG reporting requirements. Major state-owned companies have begun to disclose non-financial information and obtain ESG ratings, while the state has declared its commitment to sustainable development and is taking practical steps to implement it.

On the other hand, a significant gap remains between declared goals and practical implementation. Legal, institutional, organizational, and socio-cultural barriers continue to slow down progress. In particular, the voluntary nature of many initiatives and previously limited enforcement mechanisms have allowed companies to apply advanced practices unevenly. Institutional challenges, such as excessive administrative influence, conflicts of interest, and insufficient coordination, may reduce the effectiveness of reforms. Within enterprises

themselves, limited experience, insufficient motivation, and a lack of specialized competencies can hinder the full implementation of available ESG initiatives.

To overcome these barriers, a comprehensive set of measures is required. These include the improvement of regulatory requirements, institutional reforms aimed at clearly separating state functions and strengthening coordination mechanisms, the development of internal corporate capabilities, and the promotion of cultural change within enterprises.

The practical recommendations formulated in the article can be summarized as follows. First, ESG benchmarks should be integrated into the state asset management system, from strategic documents to management contracts, so that sustainable development becomes an integral part of the mandate of state-owned enterprises. Second, institutional contradictions should be reduced by strengthening transparency and accountability, limiting direct interference in operational activities, and enhancing strategic oversight through the setting and monitoring of key performance indicators. Third, investment in human capital and management technologies is required, including staff training, the establishment of ESG data collection processes, and the implementation of modern reporting and risk-control systems. Fourth, ESG values should be promoted within companies and society through awareness-raising, stakeholder dialogue, and recognition of best practices. Finally, these measures should be supported by economic incentives that link access to finance, investment, and market opportunities with sustainability performance.

Thus, the integration of ESG principles is a long-term process. Its success should be measured not only by the number of reports published but also by tangible improvements, including reduced environmental impact, higher productivity and occupational safety, increased investor confidence, and stronger employee engagement.

The final recommendation is to continue institutional reforms and international cooperation. The experience of other Central Asian and global economies shows that ESG implementation in state-owned companies is achievable when there is continuous dialogue among all stakeholders, including the state, business, society, and international partners. Uzbekistan has already taken important steps in this direction, and the consolidation of efforts will make it possible to overcome the remaining barriers and ensure more effective ESG integration into the corporate governance of state-owned enterprises.

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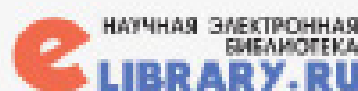
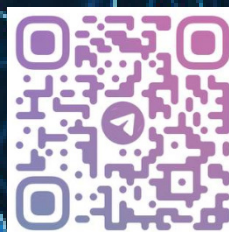
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