

WAYS TO EFFECTIVELY USE INVESTMENTS AT ENTERPRISES IN UZBEKISTAN

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Abstract: *The article examines a key problem of Uzbekistan's modern economy — the gap between large-scale investment injections and the low final return in terms of productivity and exports. Based on an analysis of practical cases and official data, the main reasons for inefficiency are identified: outdated management methods, a lack of linkage between investments and market results, and weak integration into global value chains. Solutions are proposed: introduction of digital management tools, shifting from supporting any investment to selecting effective projects, and reforming corporate governance at state-owned enterprises.*

Keywords: *investment efficiency, enterprise management, Uzbekistan, productivity, export, digitalization, privatization.*

INTRODUCTION

For the last several years, Uzbekistan has been in a phase of active economic transformation. The country attracts billions of dollars in investment, new production facilities are launched, and special economic zones are created. However, the figures announced at the highest level point to an alarming trend: the volume of invested funds is growing, but the return is not always there.

What does "effective use of investments" mean for an ordinary plant director in Fergana or the owner of a textile factory in Andijan? It is not an abstract economic category. It means concrete questions: how many jobs are created per billion soums invested? What share of output is exported? How quickly do investments pay back?

In this article, I will try to understand why, despite all the large-scale investments, productivity at many enterprises remains low, and what can be done about it.

Relevance. The topic is as relevant as an economic article can possibly be. President Shavkat Mirziyoyev recently stated outright at a meeting that the quality of investments should be the main criterion for managers. It turned out that 526 companies with foreign

investments do not export any products at all, and 767 are engaged exclusively in reselling imports without creating their own production.

Behind this lie real losses. One billion soums of investment in one region creates twenty jobs, while in the neighboring region it creates only three. State-owned enterprises that received billions in funding continue to operate at a loss. Uzbekistan's new economic policy is built around one idea: enough of stamping out investment projects just for the sake of a checkbox — it is time to measure real returns.

Research methods. Honestly, there will be no complex econometric models here. The article is based on the analysis of open data: reports of presidential decrees, materials from the government portal, public speeches, and case studies of specific enterprises. This is more of a practical overview than an academic study. I looked at real examples — how textile factories, home appliance manufacturers, or mining and metallurgical complexes handle the task of using resources effectively. And I tried to understand what they do well and what they do not.

Main body. Why investments do not work: three main reasons:

First reason — managerial. Many enterprises, especially those with state participation, still operate according to old schemes. The money is allocated, reports are submitted, and then — whatever happens. There is no link between the director's salary and export revenue. No real competition for investment. You get the funds — and that's fine.

Second reason — structural. For a long time, Uzbekistan was a commodity-based country. People got used to selling cotton rather than sewing branded T-shirts from it. They got used to supplying copper and gold rather than producing finished goods with high added value. Investments often followed "inertia" — into things they already knew how to do, without trying to move up the technological chain.

Third reason — control. Until recently, mechanisms that would force enterprises to take responsibility for investment efficiency practically did not exist. You could get a loan, build a workshop, start the machines, and then it turns out that nobody needs the product — neither on the domestic market nor abroad. And then what? Nothing. The debt just hangs there.

A telling case — the textile industry. A few years ago, Uzbekistan was known as a supplier of cotton fiber. Today, 66 enterprises cooperate directly with global brands — LC Waikiki, The North Face, Inditex (Zara, Bershka and others). In three years, they have established partnerships with more than eighty international brands.

What does this mean for investment efficiency? Previously, investments in the textile sector often ended up producing "something" that was sold on the local market at cost. Today, the very same machine, bought with foreign currency, produces knitwear that goes to Europe under the Kiabi brand. Export revenue allows the investment to be recouped and wages to be paid. More than 37,000 jobs have been created at these 66 enterprises.

Another example — home appliance production. Ferre Group in the Samarkand region started with simple assembly from imported components. Today, it is one of the largest manufacturers in Central Asia with an 85% localization level. Refrigerators, gas stoves, vacuum cleaners marked “Made in Uzbekistan” are exported to Central Asian countries and Azerbaijan.

Thirty million dollars of investment — and a thousand jobs. But the main thing is that the enterprise does not just exist; it competes. It competes with Turkish and Chinese manufacturers in foreign markets. This means that every dollar invested works, rather than lying as a dead weight on the balance sheet.

Third example — the Almalyk Mining and Metallurgical Complex. Over six years, the volume of investment has grown 13-fold, localization almost eight-fold. A fourth ore-dressing plant worth \$5.3 billion is under construction. But the key here is not the numbers. The key is the approach. The complex is implementing the “Digital AGMK — 2030” strategy; more than seventy digitalization projects have been completed. Production management systems, resource accounting, planning — everything is being digitized. That is exactly what improves investment efficiency: not just building a plant, but building a smart plant where every ton of ore is accounted for and every penny is tracked.

What does the state demand from business? The recipe offered by the authorities sounds harsh, but it makes sense. **First — abandoning unconditional support.** The old practice where a loss-making enterprise received subsidies simply because it was state-owned is becoming a thing of the past. Privatization is starting, bankruptcy procedures are being introduced, and an institution of court-appointed managers is being created. If you cannot work efficiently — make way for someone who can.

Second — strict control over large debtors. Enterprises with debt from fifty million dollars are divided into risk categories. High-risk ones lose access to new loans until they get their finances in order. This is not a bureaucratic whim. It is an attempt to break the vicious cycle: you took a loan — did not repay — took a new one to cover the old one.

Third — the requirement for digitalization and productivity growth. The president criticized the slow introduction of lean technologies, lean manufacturing, kaizen. It sounds like a set of buzzwords, but behind them lies a simple thing: the global market does not accept goods made “just anyhow.” Costs must be low, quality high, management transparent. Without digitalization, this cannot be achieved.

All three directions are united by a common logic: the state is changing the rules. Previously, you could get investments, produce anything, and rely on “maybe it will work out.” Now — sorry. Projects will be evaluated according to real indicators: how much export, how many jobs, what added value. They are even introducing AI-based advisors to analyze investment applications.

Conclusions. The problem of low investment efficiency in Uzbekistan is real and acute. But it is not hopeless. There are already examples where the right approach —

linking investments to exports, digitalizing management, honest control over results — produces an obvious effect.

The main conclusion for a manager: investments have ceased to be just money. Now they are responsibility. You received a billion soums for development — be so kind as to show how many jobs you created, how much product you exported, how much you reduced costs. If you do not show it — you will not get more. And that is correct.

Second conclusion: management digitalization is not a fad. The example of the Almalyk complex shows how accounting and planning systems turn chaos into order. Do not be afraid to introduce AI and analytics. This is not a replacement for people; it is a tool that helps make the right decisions.

Third conclusion — about the state. It seems that the state is truly determined to change its approach. Privatization, control over debtors, demands for efficiency — these are not empty words. Yes, the process is not easy. Yes, much runs into resistance on the ground. But the direction is set, and there is no turning back.

Conclusion. The efficiency of investments in Uzbekistan is not only an economic issue but also a political one. The future of the country depends on how quickly enterprises — both state-owned and private — learn to turn resources into results. The competitiveness of Uzbek products on world markets, employment, and the standard of living.

The recipe is both simple and hard to implement at the same time: honest accounting, strict control, smart digitalization, and a readiness to change. Those who understand this will survive and succeed. Those who continue to work the old way will leave the market, making room for the more agile and efficient.

This article is not meant to give ready-made recipes. Every enterprise has its own specifics. But the direction in which the country is moving is clear. And it is better to be in the front ranks than to chase a departing train.

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