



Scientific Conference on Multidisciplinary Studies

Hosted online from Bursa, Turkey

Website: econfseries.com

11th October, 2025

CSR INTEGRATION INTO CORPORATE GOVERNANCE IN UZBEKISTAN'S CONSTRUCTION INDUSTRY

Ablaeva Valentina,

MBA, Senior Lecturer Tashkent Architecture and
Civil Engineering University, Uzbekistan

Abstract:

Corporate Social Responsibility (CSR) is becoming increasingly important in Uzbekistan's construction sector as foreign investors and international partners demand alignment with global governance and sustainability standards. Domestic reforms, such as Presidential Decree PD-37 (2024) on ESG disclosure and updated environmental laws effective in 2025, indicate progress, but national regulation remains largely compliance-oriented. This creates a gap between local practices and international expectations.

The sector, one of the fastest-growing in Uzbekistan, is dominated by small and medium-sized firms that lack capacity for structured CSR disclosure. While most companies limit reporting to mandatory compliance documents, larger firms and those engaged with foreign investors are beginning to adopt international CSR practices, though often based on global policies rather than locally embedded governance systems. Findings suggest CSR integration is still at an early stage, but increasing foreign involvement is generating pressure and opportunity for change. Strengthening CSR within governance frameworks could help the sector attract investment, build stakeholder trust, and support sustainable development.

Keywords: Corporate Social Responsibility (CSR); corporate governance; construction sector; Uzbekistan; ESG disclosure; foreign investment.

Corporate Social Responsibility (CSR) is gaining attention in Uzbekistan as the country transitions toward a green economy and deeper integration into global markets. Recent regulatory updates, including the new environmental expertise rules (February 2025) and the Strategic Environmental Assessment law (effective August 2025), signal the government's commitment to strengthening



Scientific Conference on Multidisciplinary Studies

Hosted online from Bursa, Turkey

Website: econfseries.com

11th October, 2025

environmental oversight. Yet these measures remain focused on permitting and environmental impact assessments rather than a comprehensive CSR framework. Presidential Decree PD-37 (2024) further advanced the agenda by requiring large companies to disclose selected CSR and ESG indicators, and advisory reports highlight a gradual shift toward non-financial reporting among the largest market players (KPMG, 2024).

Despite these steps, CSR practices across the private sector remain uneven, with disclosure rates still low outside of the largest enterprises. The construction industry—one of Uzbekistan’s fastest-growing sectors, driven by urbanization, infrastructure, and foreign investment—illustrates both the urgency and the gap. While construction firms operate under licensing and environmental regulations, CSR is often approached as a compliance obligation rather than a strategic dimension of corporate governance. A deeper integration of CSR into governance structures is essential to ensure sustainable growth, attract responsible investment, and align business practices with both national priorities and international expectations.

The purpose of this study is to explore how CSR is being integrated into corporate governance in Uzbekistan’s construction sector. It examines the extent of CSR disclosure, the role of regulation and foreign partners, and the potential of CSR to enhance sustainable growth and competitiveness.

Leading construction firms in Uzbekistan were reviewed through publicly available sources, including websites, annual reports, and project documentation. Disclosure levels were compared, as well as the range of CSR issues addressed and the influence of foreign partnerships on responsible practices.

However, the findings confirm that CSR disclosure in Uzbekistan remains limited and inconsistent. Only a handful of firms issue formal sustainability reports, and no central database tracks CSR activities. Reliance on publicly available information risks overlooking internal practices. Foreign contractors engaged in large infrastructure projects often publish comprehensive CSR reports, but these tend to reflect global corporate policies rather than local implementation. Overall, CSR integration remains in its early stages rather than a fully developed system.



Scientific Conference on Multidisciplinary Studies

Hosted online from Bursa, Turkey

Website: econfseries.com

11th October, 2025

This early-stage nature of CSR is especially striking when set against the scale and dynamism of the construction sector itself. Uzbekistan's construction industry is expanding rapidly, with between 29,000 and 54,000 registered companies depending on the counting method (State Committee on Statistics of Uzbekistan, 2025a; Statistical Committee of Uzbekistan, 2025b). In the first seven months of 2025, the sector generated 162 trillion soums in construction work, representing significant year-on-year growth (State Committee on Statistics of Uzbekistan, 2025a). Private enterprises dominate, accounting for 97% of construction output, while state-owned enterprises contributed less than 3% (State Committee on Statistics of Uzbekistan, 2025a).

The sector is highly fragmented. Small and micro firms undertake more than 52% of total construction work, while large companies are responsible for just 22%, and the informal sector accounts for around 25% (UzDaily, 2025). This fragmentation makes the diffusion of uniform corporate governance and CSR practices difficult, as smaller firms often lack the resources to adopt international CSR frameworks.

On the regulatory side, Uzbekistan mandates certain reporting requirements, such as labor protection and environmental compliance reports. Yet these remain compliance-oriented submissions to authorities, not public-facing CSR or ESG disclosures (OECD, 2023). Internationally, there is a clear trend toward mandatory non-financial reporting, and in Uzbekistan, Presidential Decree PD-37 (2024) marked a significant step toward requiring disclosure by large firms (KPMG, 2024). Nevertheless, voluntary CSR integration across the industry remains inconsistent.

At the same time, external actors exert growing influence. Many foreign investors, international contractors, and development banks such as the EBRD, ADB, and IFC are involved in large-scale projects. These institutions impose strict environmental and social safeguards, requiring local partners to meet CSR and ESG disclosure standards. As a result, larger Uzbek firms engaged in such partnerships are under pressure to adopt at least partial international practices. In parallel, the government is consciously strengthening sustainability and governance requirements, but in a gradual, cautious manner. Since construction is one of the country's largest sources of employment, with tens of thousands of firms



Scientific Conference on Multidisciplinary Studies

Hosted online from Bursa, Turkey

Website: econfseries.com

11th October, 2025

relying on labor-intensive operations, imposing rigid CSR and ESG obligations too quickly could disrupt jobs and regional economies. Instead, reforms are rolled out step by step, targeting large companies first while leaving smaller firms under lighter obligations.

Thus, CSR adoption in Uzbekistan's construction sector is shaped by dual pressure: top-down regulatory reforms designed to modernize governance without destabilizing employment, and bottom-up external demands from international investors who expect adherence to global CSR norms.

In summary, Uzbekistan's construction sector is expanding rapidly but CSR integration remains weak, dominated by fragmented and compliance-driven practices. Dual pressures—gradual regulatory reforms and rising foreign investor demands—are creating openings for alignment with global standards. Embedding CSR into governance could boost accountability, trust, and sustainable growth

REFERENCES

1. KPMG (2024) ESG and Sustainability Reporting Developments in Uzbekistan. KPMG Advisory Report. Available at: <https://kpmg.com> (Accessed: 3 October 2025).
2. OECD (2023) Corporate Governance in Eurasia: Moving Forward on ESG and Sustainability. OECD Publishing. Available at: <https://www.oecd.org> (Accessed: 3 October 2025).
3. State Committee on Statistics of Uzbekistan (2025a) Construction Industry Indicators, January–July 2025. Tashkent: UzStat.
4. Statistical Committee of Uzbekistan (2025b) Registered Construction Enterprises 2025. Tashkent: UzStat.
5. UzDaily (2025) 'Construction work volume in Uzbekistan reaches 162 trillion soums in 7 months', UzDaily.com, 21 August. Available at: <https://www.uzdaily.uz> (Accessed: 3 October 2025).