

ENTREPRENEURSHIP AND INNOVATION IN THE CONSTRUCTION SECTOR: THE CASE OF JAMSHSID BUILD CLUSTER IN UZBEKISTAN

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Abstract

This article investigates the relationship between macroeconomic reforms and micro-level entrepreneurship in transition economies, focusing on Uzbekistan's construction sector. Since 2017, Uzbekistan has pursued a reform program characterized by currency liberalization, tax reform, privatization, and new investment frameworks. These reforms have reshaped the business climate, spurred foreign direct investment (FDI), and created opportunities for private firms.

The research employs a qualitative case study methodology, examining *JAMSHSID BUILD CLUSTER* (JBC), a mid-sized construction firm that exemplifies entrepreneurial adaptation in the context of systemic reform. Drawing on World Bank, Asian Development Bank (ADB), OECD, and UNDP reports, supplemented by secondary literature, the article argues that Uzbekistan's reforms have generated fertile ground for firms capable of combining innovation, technological adoption, and human capital investment. The findings suggest that JBC has successfully aligned its strategy with national reform priorities, particularly in renewable energy construction, while simultaneously contributing to local economic and social development. This article contributes to the literature on entrepreneurship in transition economies by highlighting how mid-sized firms operationalize reform goals.

Keywords

Uzbekistan, entrepreneurship, innovation, construction sector, renewable energy, transition economies, JAMSHSID BUILD CLUSTER

INTRODUCTION

The global economy is undergoing structural transformations driven by globalization, technological change, and sustainability imperatives. The construction industry is uniquely situated in this nexus, contributing 6–9 percent of global GDP and employing more than 220 million people (World Bank 2023, 18). For emerging economies, construction functions both as an enabler of modernization and as a testing ground for reform outcomes.

In post-socialist transition economies, the capacity of entrepreneurial firms to thrive depends heavily on institutional change. Scholars such as North (1990) emphasize the role of formal institutions in reducing transaction costs, while Acemoglu and Robinson (2012) argue that inclusive institutions unlock innovation. In the context of Uzbekistan, reforms launched in 2017 created a new institutional environment that has reshaped opportunities for firms.

This article examines how Uzbekistan's reforms affect entrepreneurship in construction, using *JAMSHSID BUILD CLUSTER (JBC)* as a case study. The guiding research question is: **How do Uzbekistan's macroeconomic reforms translate into entrepreneurial opportunities in construction and renewable energy?**

The hypothesis is that JBC demonstrates how entrepreneurial adaptation, grounded in innovation and human capital, can operationalize reform objectives at the firm level. By doing so, it illustrates the broader dynamics of reform in transition economies.

The article is structured as follows: (1) literature review and theoretical framework, (2) Uzbekistan's reform trajectory, (3) construction and renewable energy sector overview, (4) case study of JBC, (5) discussion, and (6) conclusion

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

Entrepreneurship in Transition Economies

The literature on transition economies emphasizes the decisive role of institutional change. Estrin, Mickiewicz, and Stephan (2009) highlight that entrepreneurship in these economies depends on reforms that reduce state control and strengthen market mechanisms. Schumpeter's (1934) theory of innovation remains relevant, suggesting that entrepreneurs drive "creative destruction" by introducing new combinations of resources.

Uzbekistan provides a rich case for testing these theories. The dismantling of central planning and subsequent reform waves opened new opportunities but also exposed firms to competition and uncertainty. Firms that succeed are those that adapt quickly, adopt global standards, and align with national development priorities.

Construction, Clusters, and Development

Construction has long been considered both an economic driver and a multiplier of industrial development (Wells 2007). Cluster theory (Porter 1998) adds another layer, emphasizing how geographic and sectoral agglomerations foster innovation through spillovers. In Uzbekistan, the construction sector is beginning to exhibit cluster-like dynamics, particularly around renewable energy.

Reform Trajectory and Business Climate

(2017–2023)

Uzbekistan’s reform trajectory since 2017 has fundamentally reshaped its business climate. The reforms can be grouped into four domains:

1. **Currency Liberalization (2017).** Exchange rates were unified and convertibility restored (IMF 2018, 3).
2. **Tax Reform (2020).** Corporate tax rates were lowered, the tax code simplified, and compliance reduced (OECD 2023, 41).
3. **Privatization and PPPs (2019 onward).** New PPP Law created frameworks for infrastructure, while privatization opened banking and construction (OECD 2023, 33–36).
4. **Trade and Investment.** WTO accession talks and tariff cuts improved openness.

Table 1. FDI Inflows into Uzbekistan, 2016–2022 (USD billions)

Year	FDI Inflows
2016	0.9
2017	1.8
Year	FDI Inflows
2018	2.5
2019	4.1
2020	5.6
2021	7.2
2022	8.0

Source: UNCTAD 2023, 52

The data illustrates the dramatic increase in foreign investment following reforms, signaling improved investor confidence.

CONSTRUCTION AND RENEWABLE ENERGY AS GROWTH

DRIVERS

Urbanization and Housing

With an annual urbanization rate of 2.3 percent, Uzbekistan faces acute

housing demand. The government's *Housing Development Program 2021–2030* targets a 30 percent expansion in housing stock (Government of Uzbekistan 2021, 12).

Renewable Energy

Uzbekistan's *Energy Strategy 2030* aims for 25 percent renewable electricity generation. Projects with Masdar (UAE) and ACWA Power (Saudi Arabia) represent billions in investment and require substantial construction inputs (ADB 2023, 36–39).

Figure 1. Projected Renewable Energy Mix by 2030 (%)

- Solar: 15%
- Wind: 7%
- Hydro: 3%
- Other: <1%
- Gas & Coal: 74%

Source: ADB 2023, 38 Skills and Sustainability Challenges

UNDP (2021, 42) highlights the need for skilled labor and environmental safeguards. Firms that integrate sustainability standards will be central to Uzbekistan's transition.

CASE STUDY: JAMSHSID BUILD CLUSTER (JBC)

Company Overview

JBC is a mid-sized construction firm founded in the reform era. It employs ~140 staff, including engineers, project managers, economists, and skilled trades. Its organizational culture emphasizes transparency, teamwork, and innovation.

Strategic Principles

- **Innovation:** BIM, energy-efficient materials, automation.
- **Flexibility:** Market responsiveness and adaptive project management.
- **Human Capital:** Training, knowledge transfer, open communication.

Major Projects

- **Wind Farms in Bukhara and Navoi.** JBC contributed to infrastructure construction, gaining international exposure.
- **Urban Housing Projects.** Expansion of residential complexes in regional cities.

Table 2. JBC SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
Skilled workforce; innovative tools; international experience	Medium size limits capital	Renewable energy expansion; PPP participation	Bureaucratic hurdles; global competition

Discussion

The case of JBC demonstrates how macro reforms enable micro entrepreneurship. Currency liberalization and PPP frameworks created demand for construction firms capable of meeting global standards. Tax reforms facilitated business operations. JBC's adoption of innovation and investment in workforce training exemplify entrepreneurial adaptation.

Comparatively, Kazakhstan and Georgia illustrate similar reform-entrepreneurship linkages, where mid-sized firms emerged as reform

implementers. Uzbekistan's experience underscores the importance of mid-tier enterprises in bridging policy and practice.

CONCLUSION

Uzbekistan's reforms have reshaped its economy and positioned construction as a strategic sector. JBC exemplifies how entrepreneurship, innovation, and reform converge in practice. For policymakers, supporting firms like JBC is critical to scaling reform outcomes.

This case study highlights broader lessons: in transition economies, reforms must be complemented by entrepreneurial initiative to achieve sustainable development. JBC's experience shows how micro-level firms operationalize macro-level reforms, aligning national priorities with global standards.

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