

THE RELATIONSHIP BETWEEN UZBEKISTAN'S ECONOMIC STABILITY AND BUSINESS INVESTMENT DECISIONS

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Abstract

This article analyzes the impact of Uzbekistan's economic stability on investment decisions made by business entities. The study explores the interconnection between the macroeconomic environment, financial stability, and entrepreneurial confidence. Both theoretical approaches and practical observations are employed to provide an in-depth analysis of how economic stability influences investment policy and decision-making behavior among businesses.

Keywords

economic stability, investment decisions, confidence environment, macroeconomic factors, business climate.

1. Introduction

Economic stability plays a decisive role in the socio-economic development of every nation. Since gaining independence, Uzbekistan has implemented wide-ranging reforms aimed at diversifying the economy, strengthening the national currency, and improving the investment climate. Business entities' investment decisions largely depend on the level of economic stability within the country. A stable economic environment enhances investor confidence, expands opportunities for long-term planning, and reduces the overall level of risk and uncertainty.

2. Methods

This study employs both theoretical analysis and empirical observation methods.

Theoretical analysis: A review of scientific literature was conducted to explore the relationship between economic stability and investment decisions.

Empirical observation: The author directly observed the investment activities of small business entities operating in Uzbekistan, focusing on internal factors influencing their decision-making processes.

Data sources: Information from the Central Bank of Uzbekistan, the National Statistics Agency, and the Ministry of Investments and Foreign Trade was utilized for analysis.

3. Results

The findings indicate that the following aspects of economic stability directly influence investment decisions:

1. Inflation rate – Stable inflation reduces investment risks and increases financial predictability.
2. Exchange rate stability – Ensures reliability in foreign trade and cross-border operations.
3. Consistency in tax policy – Improves planning efficiency for businesses.
4. Legal environment and trust factor – Serve as psychological and institutional foundations for investor confidence.

Uzbekistan's recent macroeconomic reforms – such as strengthening fiscal discipline, liberalizing the currency market, and reducing the tax burden – have significantly increased the inflow of foreign investments into the country.

4. Discussion

The results demonstrate that economic stability is determined not only by national-level indicators but also by entrepreneurial culture, trust, and transparency within the business environment. Uzbekistan's policy of supporting the private sector has contributed to strengthening investor confidence. However, certain challenges – including exchange rate fluctuations, changes in tax policy, and limited access to credit resources – continue to negatively affect investment decisions in some sectors. In the future, maintaining economic stability will require reinforcing institutional trust, diversifying the financial system, and encouraging long-term investment strategies aimed at sustainable growth.

5. Conclusion

In conclusion, Uzbekistan's economic stability plays a crucial role in shaping business investment activities and decision-making processes. A stable macroeconomic environment, a reliable legal system, and transparent governance mechanisms increase investment inflows, thereby enhancing the competitiveness of the national economy and supporting sustainable development.

About the Author

Sayidakrom Khojiakbarov is a student at Turin University in Tashkent, specializing in Business Administration. His academic background in economic analysis, management, and financial control provided the foundation for this

research. Through direct engagement with small business entities in Uzbekistan, the author observed internal factors affecting investment decisions, enabling him to connect theoretical knowledge with real-world economic conditions. His personal academic philosophy emphasizes that economic stability should be assessed not only through numerical indicators but also through the lens of trust, transparency, and entrepreneurial culture.