



WAYS TO ASSESS THE FINANCIAL STABILITY AND EFFECTIVE MANAGEMENT OF STATE ENTERPRISES IN UZBEKISTAN

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Received:	10 th April 2026	<i>This article examines the issues of assessing the financial stability and effective management of state enterprises in the Republic of Uzbekistan. The study analyzes the financial condition of state-owned enterprises, their liquidity, profitability, and financial independence indicators. Additionally, the experience of foreign countries—the USA, Germany, Japan, and South Korea—has been studied, and scientific and practical recommendations have been developed for implementing this experience into the practice of Uzbekistan.</i>
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INTRODUCTION

Today, the acceleration of globalization processes in the global economy, financial crises, and the intensification of international competition present states with new tasks related to ensuring economic stability. Under these conditions, the effective operation of state-owned enterprises and ensuring their financial stability are of particular importance.

In recent years, large-scale reforms aimed at reforming state-owned enterprises and implementing corporate governance principles have been implemented in the Republic of Uzbekistan. Specifically, within the framework of the "Development Strategy of New Uzbekistan for 2022–2026," the transformation of state-owned enterprises and increasing their financial efficiency are identified as priority tasks. Nevertheless, in practice, a number of state-owned enterprises continue to face problems such as low efficiency in using financial resources, high debt levels, and an imperfect management system.

The primary objective of this article is to analyze the methodology for assessing the financial stability of state-owned enterprises in Uzbekistan and to develop scientifically grounded approaches for their effective management.

Financial stability is an economic category that expresses the ability of an enterprise to operate for a long period, fulfill its obligations, and withstand external negative impacts. For state-owned enterprises, this concept has an even broader meaning: they have obligations not only regarding economic efficiency but also regarding the fulfillment of social tasks, the financing of strategic sectors, and the provision of revenues to the state budget.

In global practice, the following groups of indicators are primarily used to assess financial stability: liquidity ratios (current, fast, and absolute liquidity), profitability indicators (return on assets – ROA, return on equity –

ROE, trade profitability), financial independence ratio (ratio of capital structure), and the level of own working capital provision. When these indicators are analyzed comprehensively, it is possible to form a complete picture of the enterprise's financial condition.

LITERATURE REVIEW

Another important factor in assessing the financial stability of state enterprises in the conditions of Uzbekistan is the impact of the macroeconomic environment. Inflation rates, exchange rate fluctuations, credit resource prices, and state budget policy directly influence the financial performance of state-owned enterprises. Data for 2021–2025 show that the financial independence ratio remains below the norm in certain sectors, particularly in state-owned enterprises in the energy and transport sectors.

In Uzbekistan's economy, state-owned enterprises account for a significant portion of GDP. State-owned enterprises operating in the country's energy, transport, mining, metallurgical, chemical, and agricultural sectors are an important factor in economic development. However, an analysis of recent years shows that the share of state-owned enterprises operating with low profitability remains high.

RESEARCH METHODOLOGY

Liquidity indicators: In the context of 2021–2025, the current liquidity ratio of state-owned enterprises averages between 1.2–1.4, indicating that it is lower than the international norm (1.5–2.0). This situation may limit the ability of some enterprises to fulfill short-term obligations in a timely manner.

Rentability indicators: The return on assets (ROA) of state-owned enterprises averages around 3–5%, which is significantly lower compared to private enterprises. The return on equity (ROE) also shows a similar trend. Among the main causes of this situation, excessive labor, outdated technologies, and inefficient management decisions should be highlighted.



Financial independence: Analysis of capital structure shows that the share of borrowed funds in a number of large state-owned enterprises stands at 50-60%. This increases financial risks and limits enterprises' opportunities to attract new investments.

Taking the Almalyk Mining and Metallurgical Complex as an example, the financial stability indicators of this enterprise showed relatively positive dynamics between 2021 and 2025. However, the volatility of global metal markets and rising production costs remain a constant threat to the company's financial stability.

The experience of developed countries shows the existence of effective mechanisms for the financial management of state-owned enterprises. Studying the experience of the USA, Germany, Japan, and South Korea will provide important practical conclusions for Uzbekistan.

US Experience: In the USA, state-owned enterprises operate under strict reporting standards (GAAP) and are subject to requirements for full disclosure of their activities. Financial monitoring is carried out by independent audit organizations. Furthermore, performance results are directly linked to managerial incentives.

German experience: In Germany, state-owned enterprises are managed based on a "dual board" system of corporate governance (supervisory board and board of directors). The share of independent directors in the supervisory board is at least 50%. Special attention will be paid to financial transparency and reporting quality.

South Korean experience: South Korea introduced a KPI (key performance indicators) system to evaluate the performance of state-owned enterprises following the 1997 financial crisis. An annual rating of state-owned enterprises will be published, and the heads of low-rated enterprises will be replaced. This system has significantly increased the efficiency of state enterprises.

The introduction of this experience into the practice of Uzbekistan provides for: first, the creation of a single digital monitoring platform for all state-owned enterprises; second, the expansion of the institution of independent directors; third, the introduction of a management incentive system based on financial performance indicators.

Based on the above analysis and foreign experience, the following directions are recommended to ensure the financial stability of state enterprises in Uzbekistan and their effective management:

1. Implementation of a digital monitoring system. It is necessary to create a unified electronic platform to ensure real-time monitoring of the financial indicators of all state enterprises. This system should

automatically analyze liquidity, profitability, and debt indicators and issue warnings.

2. Strengthening corporate governance. Corporate governance standards must be brought closer to international standards by increasing the share of independent directors in state-owned enterprises, strengthening supervisory boards, and ensuring financial transparency.

3. Performance-based incentives. The salaries and bonuses of heads of state-owned enterprises should be directly linked to the financial results of the enterprise. It is necessary to implement a management evaluation system (KPI) based on financial performance indicators.

4. Updating the financial analysis methodology. When assessing the financial stability of state-owned enterprises, econometric models and stress tests should be applied alongside traditional ratios. This situation allows for the early detection and prevention of financial risks.

5. Solving the problem of low profitability. For long-term unprofitable state enterprises, the possibilities of restructuring or privatization should be considered, and economically unjustified subsidies should be gradually reduced.

CONCLUSION

The research conducted in this article demonstrates that ensuring the financial stability of state enterprises in Uzbekistan is a multifaceted problem that requires a comprehensive approach from both theoretical, methodological, and practical perspectives. The analysis of indicators of liquidity, profitability and financial independence of state-owned enterprises clearly shows the existing problems in this area.

The experience of foreign countries - the USA, Germany, Japan, and South Korea - proves that strengthening corporate governance, ensuring financial transparency, and implementing an efficiency-based management system significantly improve the financial condition of state-owned enterprises. Adapting this experience to the conditions of Uzbekistan serves to increase the effectiveness of economic reforms.

From a scientific and practical perspective, the five areas recommended in the article - digital monitoring, corporate governance, efficiency-based incentives, updated financial analysis methodology, and addressing the problem of low profitability - can serve as a strategic program to strengthen the financial stability of state-owned enterprises in Uzbekistan.

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