

I. МИЛЛИЙ ТАРАҚҚИЁТ ТАМОЙИЛЛАРИ
Принципы национального развития
Principals of National Development

**“UZBEKISTAN-2030” STRATEGY IN CORPORATE SOCIAL
RESPONSIBILITY ISSUES**

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Abstract. *In the context of Uzbekistan's 2030 Strategy, businesses adopting CSR can play a pivotal role in several ways. Firstly, by promoting sustainable practices, businesses can contribute to the environmental objectives of the strategy, mitigating the impacts of industrial activity and ensuring the prudent use of natural resources. Secondly, by engaging in community development and social welfare projects, businesses can address societal challenges, aligning with the strategy's focus on improving the quality of life for all citizens. Lastly, by upholding ethical standards and governance, businesses can reinforce the institutional framework of the nation, fostering a culture of transparency and accountability.*

Key words: *Corporate Social Responsibility, “Uzbekistan-2030” Strategy*

Introduction

The socio-economic landscape of the Central Asian region is characterized by its diverse and dynamic nature, influenced by a rich tapestry of cultural, historical, and geopolitical factors. In recent years, the region has shown promising trends of growth and development, underscored by an increasing integration into the global economy, marked improvements in infrastructure, and a growing emphasis on education and technological adoption. However, this growth is not without its challenges. The economies of Central Asian countries are often heavily reliant on a limited number of sectors, particularly natural resources, making them susceptible to global market fluctuations and environmental concerns.

Moreover, the importance of acknowledging and mitigating internal and external risks is paramount to ensuring the sustainable development of the region. Internal risks primarily revolve around governance issues, economic diversification, and social inequality. Governance challenges, including corruption and bureaucratic inefficiency, can impede economic development and deter foreign investment. Economic diversification is crucial to reduce dependence on volatile commodity markets, especially pertinent for countries heavily reliant on exports of natural resources. Social inequality and inadequate access to education and healthcare can undermine long-term social and economic prospects for sustainable development.

Externally, geopolitical tensions, global economic shifts, and environmental changes pose significant threats to the region's stability and growth. The Central Asian countries' strategic locations make them susceptible to geopolitical power plays, while their economic fortunes are often tied to global commodity prices and foreign investment flows, making them vulnerable to external economic shocks. Climate change and environmental degradation also pose severe risks, threatening agriculture, water resources, and health, thereby necessitating the creation of robust regional strategies. These strategies should aim at ensuring sustainable and inclusive growth by promoting economic diversification, enhancing governance and institutional capacity, investing in human capital, and fostering regional cooperation to manage shared resources and address transboundary challenges effectively. The development of such comprehensive strategies, underpinned by a deep understanding of the socio-economic fabric of the region and a proactive approach to risk management, is crucial for harnessing the full potential of Central Asia and steering it towards a path of sustainable and equitable development.

The Strategy of “Uzbekistan – 2030”

The trajectory of socio-economic development in the Central Asian region, characterized by its vibrant growth yet susceptibility to internal and external risks, underscores the necessity of strategic planning and policy-making. In this context, the 2030 Strategy of Uzbekistan emerges as a pivotal blueprint, reflecting the nation's commitment to fostering sustainable and inclusive growth. This strategy is not just a roadmap for economic advancement but also a framework for social

betterment and environmental stewardship, aligning with the global Sustainable Development Goals (SDGs).

The Strategy of “Uzbekistan – 2030” meticulously articulates objectives that resonate with the broader aspirations of the Central Asian region, aiming to fortify economic resilience, promote diversification, and uplift social welfare. It recognizes the multifaceted challenges of the present while projecting a vision of a prosperous and sustainable future. In this strategic panorama, Corporate Social Responsibility (CSR) assumes a crucial role, serving as a conduit for aligning corporate objectives with national and regional developmental goals. "Uzbekistan 2030" is the strategy document for Uzbekistan from 2023-2030. The strategy aims to build a prosperous, equitable, and modern society in Uzbekistan over the next 7 years. The strategy has 5 key priority areas with 100 goals. [Sh. Mirziyoyev, 2023].

Overarching Goals

- Become an upper middle-income country by 2030 through sustainable economic development
- Double GDP per capita to \$4000 and reduce poverty and inequality
- Improve education, healthcare, social services to meet public needs and international standards
- Ensure environmental sustainability and good governance

Priority Areas and Recommended Actions

Priority 1: Human Capital Development

- Increase preschool enrollment to 100% by improving infrastructure and teacher training
- Modernize secondary and tertiary education curricula, integrate digital skills and critical thinking
- Expand vocational training tailored to labor market needs, especially for youth

- Upgrade healthcare infrastructure and adopt digital health solutions to improve access

Priority 2: Economic Growth

- Maintain macroeconomic stability and reduce inflation
- Accelerate privatization and improve business climate to attract FDI
- Develop priority sectors like agriculture, textiles, pharmaceuticals, tourism by cluster development programs
- Support SME development through access to finance and digital solutions

Priority 3: Environmental Sustainability

- Expand renewable energy to reduce carbon intensity, incentivize energy efficiency
- Improve water resource management, especially in agriculture, to address scarcity
- Increase reforestation and protected areas for conservation
- Implement extended producer responsibility for waste management

Priority 4: Good Governance

- Strengthen e-governance systems to improve transparency, efficiency and public services
- Decentralize decision making powers to local authorities
- Engage civil society and private sector in policy consultation and social accountability

Priority 5: Peace and Security

- Maintain active but pragmatic foreign policy that balances interests of global powers
- Continue investments in border security and countering extremism
- Leverage regional cooperation mechanisms for economic integration and shared prosperity

Role of CSR in reaching the strategy.

The strategy represents a comprehensive national plan to boost economic growth and human development while ensuring environmental sustainability and good governance over the next 7 years. Nevertheless, government strategy can provide far better outcomes when business provides support in addressing socio-economic and environmental issues. This can be done by the involvement of companies in Corporate Social Responsibility (CSR). CSR can be defined as the voluntary efforts by businesses to create social, economic, and environmental benefits which may involve promoting social welfare, economic growth, and environmental sustainability through initiatives that uplift communities, drive economic development, and protect the environment [Ataniyazova Z.A., Islamov B.A., 2022]. Studies show CSR has a positive impact on economic growth [Wirba, A.V., 2023]. by:

- Creating jobs and business opportunities
- Developing infrastructure and access to essential services
- Building human capital through training and education
- Alleviating poverty and empowering disadvantaged groups
- Driving innovation and competitiveness

Collaboration of the private sector with the government to reach the strategy 2030 can further foster innovation, empower marginalized groups, and advance sustainable development in Uzbekistan. By encouraging businesses to participate in CSR initiatives, the strategy can harness the positive impact of CSR on economic growth, job creation, infrastructure development, poverty reduction and other goals set in the strategy 2030.

International Examples where government and business work together to reach common objectives:

- The UK government actively promoted CSR by creating a Minister for CSR and providing frameworks for companies to advance CSR agendas. This helped channel business resources towards national priorities. [Michael, B., 2003]

- The European Commission provides policy guidelines, facilitates sharing of CSR best practices, and promotes convergence of CSR tools across the EU. This aims to accelerate the achievement of sustainable development goals. [Sharma, E. and Sathish, M., 2022]
- In South Africa, the government encouraged CSR spending on socio-economic priorities like skills training, SME development and infrastructure creation under its Broad-Based Black Economic Empowerment Act. [Juggernath, S., 2019].
- In India, CSR laws require large companies to spend 2% of profits on approved social development activities like education, healthcare, poverty alleviation and environmental protection. This leverages business resources for national development. [Dharmapala, D., & Khanna, V., 2018].
- In China, companies are encouraged to invest in research and development. CSR activities in this area often involve supporting education, funding research initiatives in universities, and nurturing startups in high-tech industries. These activities contribute to building a skilled workforce and fostering an innovative ecosystem, aligning with national priorities. Also, in line with China's commitment to the Paris Agreement and its own national goals for reducing carbon emissions, Chinese companies are increasingly integrating sustainability into their business models. This includes investing in renewable energy, adopting cleaner production methods, and launching green products. CSR activities in this area not only address environmental concerns but also align with the national agenda of transitioning to a more sustainable economy.

Here are some examples of companies that have successfully implemented CSR initiatives to help achieve government agendas:

- Unilever in India has focused its CSR efforts on providing hygiene education, distributing soap, and building toilets to help the Indian government achieve its goal of eliminating open defecation by 2022. This aligns with the government's Clean India mission. [Shetty, T. S., & Shreenidhi, B. S., 2018].

- Starbucks has partnered with the US government's USAID program to support coffee farmers in developing countries through training and access to affordable credit. This helps achieve USAID's goals of reducing global poverty and hunger. [Abdulsamad, A., Stokes, S., & Gereffi, G., 2015].
- Vodafone Turkey launched the "Women First" initiative to provide digital literacy training to women to increase female labor force participation. This supports the Turkish government's goal of greater gender equality in the workforce. [Çinkir, S., 2020].
- Microsoft: The tech giant has committed to becoming carbon-negative by 2030 and removing all the carbon it has emitted since its founding by 2050. This aligns with global climate change goals and supports government efforts to reduce greenhouse gas emissions. [UNFCCC, 2023]
- LEGO: The LEGO Group is committed to social and environmental responsibility, including reducing its carbon footprint and promoting sustainable practices in its operations and supply chain. The company has set a goal to use 100% sustainable materials in its products by 2030 [State of Green, 2017] , which supports government efforts to promote sustainable development and reduce environmental impact.
- Starbucks: The coffee company has implemented various CSR initiatives, such as ethically sourcing its coffee beans, reducing its environmental footprint, and supporting local communities. Starbucks has also committed to hiring 10,000 refugees by 2022 [Starbucks Fiscal, 2022], which aligns with government efforts to address the global refugee crisis.
- Patagonia: The outdoor clothing and gear company is known for its commitment to environmental and social responsibility. Patagonia donates 1% of its sales to environmental organizations and supports various initiatives, such as protecting public lands and promoting sustainable agriculture. This aligns with government efforts to preserve natural resources and promote sustainable development.
- Huawei invests heavily in research and development, aligning with China's priority to lead in technology and innovation. The company runs several educational programs, such as the Huawei ICT Academy and Seeds for the

Future, aiming to enhance ICT skills and foster talent in line with the government's digital economy ambitions.

Ways of how businesses by doing CSR can help with key priorities.

Consequently, CSR commitments within the 5 priority areas can provide a way for companies to contribute to these goals.

Priority 1: Human Capital Development

- Encourage businesses to implement CSR initiatives that support education, health, social services, poverty reduction, youth & sports, and culture. This can be achieved through both external and internal CSR activities.
- Can stimulate communication of CSR activities by offering incentives such as discounts for ad placements on billboards and TV for companies that run social campaigns.
- Partner with organizations like the Marketing Association of Uzbekistan to endorse and recognize CSR activities.

Priority 2: Sustainable Development

- Encourage State-Owned Enterprises (SOEs) to incorporate social and environmental considerations into their business operations. This includes initiatives such as reducing their carbon footprint, promoting diversity and inclusion, supporting local communities, and investing in education and training programs for employees.
- Partner with organizations like Chapter Zero Uzbekistan (CZU) to provide strategic guidance and help with monitoring the implementation of CSR activities.

Priority 3: Environment Protection

- Encourage businesses to support environmental protection initiatives such as expanding green areas, reducing greenhouse gas emissions, being carbon neutral, recycling, and/or zero waste production.
- Promote recycling practices and reduce the use of single-use packaging among businesses.

Priority 4: Effective Governance

- Encourage businesses to implement anti-corruption practices such as "whistle-blowing" within their organizations.
- Ensure existence and active participation of independent board members in SOEs

Priority 5: Safety and Peace

- Encourage businesses to educate employees about harassment at work, toxic people/environment, and emotional abuse.
- Encourage businesses to join initiatives like "Call Umida" which provides a temporary safe place for victims of stalking, harassment, and violence.

In conclusion, the government of Uzbekistan can play a crucial role in encouraging businesses to implement CSR initiatives that align with the priorities of the "Uzbekistan-2030" strategy. By doing so, businesses can contribute to the achievement of the strategy's objectives while also benefiting from increased customer trust and loyalty, improved brand reputation, and potential cost savings from more sustainable business practices.

Key Takeaways:

- Governments can enable CSR to effectively support economic growth and sustainable development by raising awareness, providing policy incentives, collaborating with businesses on national priorities and monitoring impact.
- Companies should align CSR activities with their core competencies and strengths to maximize social impact and business value. Partnerships with non-profits and the government can enhance CSR programs.
- CSR in developing country contexts should emphasize inclusive human capital development across company value chains, as building national skills and capacities drives growth.

Conclusion.

CSR, when effectively integrated into the business models of Uzbek companies, can catalyze transformative change. It encourages businesses to operate not only

with profitability in mind but also with a conscientious commitment to social and environmental well-being. The implementation of CSR strategies can lead to multifarious benefits: fostering sustainable business practices, promoting ethical labor standards, and contributing to community development. Moreover, CSR initiatives can act as a bridge between the private sector and the wider societal goals outlined in the “Uzbekistan-2030” Strategy, ensuring that the growth is not only economic in nature but also holistic, encompassing improvements in education, healthcare, and environmental conservation.

In the context of Uzbekistan's 2030 Strategy, businesses adopting CSR can play a pivotal role in several ways. Firstly, by promoting sustainable practices, businesses can contribute to the environmental objectives of the strategy, mitigating the impacts of industrial activity and ensuring the prudent use of natural resources. Secondly, by engaging in community development and social welfare projects, businesses can address societal challenges, aligning with the strategy's focus on improving the quality of life for all citizens. Lastly, by upholding ethical standards and governance, businesses can reinforce the institutional framework of the nation, fostering a culture of transparency and accountability.

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