

Export Activity and Regional Enterprise Performance in Uzbekistan

Murodil Isroiljonov Qosimjon o'g'li

Undergraduate Student, Faculty of Economics Tashkent State University of Economics

ORCID: <https://orcid.org/0009-0009-5149-1341>

Email: murodil.isroiljonov06@gmail.com

Abstract

This thesis explores the relationship between export activity, financial expenses, and regional enterprise performance in Uzbekistan during 2015–2024. The research is based on panel data covering 14 regions and applies a fixed-effects regression model with robust standard errors. The findings indicate that export activity positively affects enterprise profitability, while financial expenses demonstrate a negative relationship with regional business performance. The results highlight the importance of export-oriented economic development and affordable financing conditions for strengthening regional enterprise activity in Uzbekistan.

Key words

export activity, enterprise profitability, panel data, regional economy, fixed effects, Uzbekistan

Introduction. Regional enterprise performance has become an increasingly important component of economic development in Uzbekistan under conditions of expanding international trade and ongoing economic reforms. Export-oriented activity may improve enterprise profitability through broader market access, economies of scale, and foreign currency earnings, while rising financial expenses may negatively affect business sustainability and investment opportunities.

In recent years, Uzbekistan has implemented policies aimed at supporting export diversification, strengthening regional economic activity, and improving the business environment. However, differences in export capacity and financing conditions across regions continue to influence enterprise performance unevenly. As a result, evaluating



the relationship between export activity and regional enterprise profitability remains important for understanding regional economic development trends.

This thesis explores the relationship between export activity, financial expenses, and regional enterprise performance across 14 regions of Uzbekistan over the period 2015–2024. The research applies panel-data econometric methods to identify the impact of export activity and financial costs on enterprise profitability at the regional level.

Data and Methodology

Annual regional data for 2015–2024 were obtained from the Statistics Agency under the President of the Republic of Uzbekistan. The balanced panel dataset consists of 14 regions and 140 observations. Enterprise profitability was selected as the dependent variable, while export volume and financial expenses were included as explanatory variables. To ensure consistency in estimation, the dependent variable was transformed using the inverse hyperbolic sine transformation, whereas explanatory variables were converted into natural logarithms. The relationship between the variables was estimated through a fixed-effects panel regression model with year effects:

$$ihs(Y_{it}) = \beta_1 \ln(X1_{it}) + \beta_2 \ln(X2_{it}) + \mu_i + \lambda_t + \varepsilon_{it}$$

where Y denotes enterprise profitability, X1 represents financial expenses, and X2 reflects export activity. The model includes regional and year fixed effects to account for regional heterogeneity and macroeconomic fluctuations. Robust standard errors were applied to improve the reliability of the estimated coefficients.

Results and Discussion. The regression results indicate that export activity demonstrates a positive and statistically significant relationship with regional enterprise profitability in Uzbekistan. The estimated coefficient for export activity equals 10.010 ($p = 0.002$), suggesting that regions with stronger export performance tend to achieve higher enterprise profitability levels. Export-oriented enterprises may benefit from broader market access, economies of scale, and increased foreign currency earnings, which contribute positively to business performance.



In contrast, financial expenses show a negative relationship with enterprise profitability. The estimated coefficient for financial expenses equals -4.694 ($p = 0.000$), indicating that increasing financing costs may reduce enterprise sustainability and limit investment opportunities across regions. Higher borrowing costs and financial obligations may therefore negatively affect regional business activity.

Overall, the findings suggest that strengthening export potential and improving access to affordable finance may contribute positively to regional enterprise development in Uzbekistan.

Conclusion

This thesis examined the relationship between export activity, financial expenses, and regional enterprise performance in Uzbekistan during 2015–2024 using panel-data econometric methods. The findings indicate that export activity positively affects enterprise profitability, while increasing financial expenses negatively influence regional business performance. The results suggest that strengthening export-oriented economic activity and improving access to affordable financing may contribute positively to regional enterprise development and economic sustainability in Uzbekistan.

References

1. State Statistics Committee of the Republic of Uzbekistan. Open statistical database. Retrieved from siat.stat.uz
2. Bernard, A. B., & Jensen, J. B. (1999). Exceptional exporter performance: Cause, effect, or both? *Journal of International Economics*, 47(1), 1–25.
3. Driscoll, J. C., & Kraay, A. C. (1998). Consistent covariance matrix estimation with spatially dependent panel data. *Review of Economics and Statistics*, 80(4), 549–560.
4. Wooldridge, J. M. (2020). *Introductory Econometrics: A Modern Approach*. Cengage Learning.

