

**IMPROVING THE PRIVATIZATION OF STATE-
OWNED ENTERPRISES****Razikov Ulugbek Zaripovich****Independent researcher****Independent researcher of Tashkent State****Economy of the University****<https://doi.org/10.5281/zenodo.19229982>****ARTICLE INFO**

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ABSTRACT

In the conditions of the modern global economy, the process of optimizing the state's participation in economic entities and transferring state assets to the private sector remains the most important strategic structural part of economic reforms. The practice of privatizing enterprises with state participation is a multi-faceted process that serves not only to change the shape of property but also to strengthen the institutional basics of market relations, create a healthy competitive environment, and directly provide macroeconomic stability.

In the conditions of the modern global economy, the process of optimizing the state's participation in economic entities and transferring state assets to the private sector remains the most important strategic structural part of economic reforms. The practice of privatizing enterprises with state participation is a multi-faceted process that serves not only to change the shape of property but also to strengthen the institutional basics of market relations, create a healthy competitive environment, and directly provide macroeconomic stability. As observed in world practice, just as currency policy and financial operation mechanisms are vital for balancing the balance of payments, the transition from state asset management to market mechanisms plays a leading role in improving the investment climate and encouraging economic growth. Scientific literature explains the necessity of privatization by the need to eliminate inefficiency in the state sector and "agency problems" in management. As pointed out by famous economists E. Karl, S. Ray, and M. Shannon, the profitability of businesses is influenced by both internal factors and external macroeconomic fundamentals related to state reforms and regulatory documents. While the privatization process in developed countries mainly relies on capital market mechanisms through stock exchanges, in developing economies, administrative regulation and order insertion methods often remain dominant. These differences are clearly expressed in the processes of enterprise transformation, risk management, and winning investor trust.

Within the framework of the Development Strategy of New Uzbekistan for 2022–2026, consistent reforms are increasing to achieve a sharp reduction of state participation in the economy and enhance the role of the private sector. The processes of liberalizing currency policy and modernizing the monetary system are creating new opportunities for the

privatization of state-owned enterprises (SOEs). Today, as Uzbekistan has officially moved to a "freely floating" exchange rate regime, the increase in foreign trade volume and the investment expectations of the population demand the use of transparent market mechanisms in privatization. Especially during 2024–2025, the observed volatility of the national currency and changes in international financial markets have brought the correct assessment of market value and risk hedging to the forefront of the privatization plan. As noted by T. Owoeye and A. Owoeye, changes in the form of ownership affect investment flows and, indirectly through liquidity levels, the overall efficiency of the enterprise.

According to the economist A.S. Bakare, it is necessary for investors and state managers to have a complete perception of the balance between benefits and risks in the asset sale process, especially studying the deep effect of currency fluctuations on reserves and income. Privatization practice increases competitiveness by abandoning "soft budget restrictions" and transferring enterprises to a self-financing system. However, exchange rate instability and the trend of increasing external debt are macroeconomic factors that can potentially have an indirect negative impact on the privatization process. Therefore, the rehabilitation of the financial situation and the implementation of international corporate governance standards before selling businesses are of critical importance. Using public placement of shares (IPO) and SPO mechanisms is considered the most transparent and effective method for privatizing enterprises with a high state share. This process makes it possible to attract not only large strategic investors but also wide layers of the population to property ownership. International experience, such as the example of Pakistan, shows that moving from a regulated system to a free market system encourages economic growth by allowing commercial banks and official dealers to conduct currency transactions freely.

Analyses show that improving the privatization practice of state-participating enterprises requires a comprehensive approach. First, it is necessary to ensure transparency in the privatization process and conduct market value assessments by attracting international auditing companies. Second, there is a demand for constant monitoring of the effect of macroeconomic indicators, including the inflation rate and exchange rate vibrations, on asset prices. Third, in the process of becoming a member of the World Trade Organization, it is appropriate to liberalize the trade mode and expand the practice of separating export credits to increase the competitiveness of local producers in foreign markets. In final conclusion, privatization should be viewed not merely as the sale of a state asset, but as a strategic transformation that provides for the integration of the country's economy into the global system..

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