TRUST AND HUMAN CAPITAL AS THE FOUNDATION OF SUSTAINABLE DEVELOPMENT: THE IMPORTANCE OF THE ESG CONCEPT FOR UZBEKISTAN'S PROGRESS

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Abstract

The article examines the social and managerial aspects of the ESG agenda (Environmental, Social, Governance) in the context of the economic transformation of the Republic of Uzbekistan. Special attention is given to the phenomenon of trust as a key element of social capital and human potential, as well as the role of women entrepreneurs and the HR community in shaping a new corporate culture of responsibility and transparency. The author draws upon international research (Acemoglu, Fukuyama, North), analytical reports of the World Bank, OECD, and UNDP, as well as Uzbekistan's regulatory framework, including Presidential Decree No. UP-132 of August 30, 2024, and the "Green Economy Transition Strategy until 2030."

Keywords: ESG, trust, human capital, women's entrepreneurship, sustainable development, Uzbekistan, BUSINESS HOLISTIC.

Introduction

The modern economy increasingly relies on neo-institutional principles – transparency, social responsibility, and trust among participants in economic relations. The ESG concept (Environmental, Social, Governance), first systematically introduced into international financial practice through UN and IFC initiatives (2004–2006), has become the foundation for assessing not only a company's investment attractiveness but also the maturity of national governance institutions.

In the Republic of Uzbekistan, the development of the ESG agenda has acquired special significance following the declaration of 2025 as the Year of Environmental Protection and the "Green Economy." This decision reflects global trends toward a shift from quantitative to qualitative growth – human-centered and rooted in public trust as the foundation of sustainability.

The **HR Business Partners Association (HRBPA)**, operating under the **BUSINESS HOLISTIC** brand, is one of the key national institutions promoting the integration of ESG principles through human capital. The organization unites professionals, business leaders, and experts working to build a culture of trust, ethics, and inclusive corporate governance.

These themes lie at the core of the international conference **“BUSINESS HOLISTIC 2025: Trust as the Foundation of Success”**, which places the concept of trust – both social and economic capital – at the center of discussions on long-term sustainability.

1. Theoretical Foundations of ESG and the Institution of Trust

The foundation of the ESG approach was established by international organizations (World Bank, OECD, UN Global Compact), which defined the principles of “responsible investment” and “corporate citizenship.” However, the core of the social and governance dimensions of ESG lies in the institution of trust – a concept extensively explored by Francis Fukuyama in “Trust: The Social Virtues and the Creation of Prosperity” (1995). According to Fukuyama, trust represents a form of social capital that determines a society’s ability to self-organize and innovate. It reduces transaction costs, increases institutional efficiency, and fosters the creation of new markets.

Contemporary economists, including Daron Acemoglu, emphasize that the quality of institutions and the level of trust between the state, business, and society determine long-term economic success. In their works (“Why Nations Fail,” 2012; “Power and Progress,” 2023), Acemoglu and co-authors link sustainable development with inclusive institutions where social justice and accountability serve as growth drivers.

Thus, ESG in its modern sense is not merely a reporting mechanism but a philosophy of trust-based governance—a system in which transparency, inclusion, and social partnership become structural foundations of economic policy.

2. The Social Component (S): Human Capital, Trust, and Gender Inclusion

The social dimension of ESG in Uzbekistan holds particular importance for strengthening human capital. According to the World Bank (2023), a 1% increase in GDP can be achieved by raising women’s participation in the economy by 10–15%.

Uzbekistan actively implements state programs supporting women’s entrepreneurship, including Cabinet of Ministers Resolution No. 450 (2023) “On Measures to Support Women’s Business” and initiatives of the Youth and Women’s Affairs Agency.

The **HR Business Partners Association** promotes these values in the professional environment by:

- fostering the development of women leaders in business and HR;
- embedding ESG principles into corporate strategies;
- promoting a culture of transparency and trust in business practices.

3. The Governance Component (G): Transparency and Institutional Reforms

In governance, Uzbekistan has undertaken several steps to create favorable conditions for ESG integration, including:

- the adoption of the Law “On Public Procurement” No. ZRU-684 (2021), ensuring transparency in tender procedures;
- the implementation of the “Green Economy – 2030” Strategy (Presidential Resolution No. PP-447, 2023);
- Presidential Decree No. UP-132 of August 30, 2024, “On Measures to Implement the Tasks Identified in the Fourth Open Dialogue of the President with Entrepreneurs.”

These acts lay the foundation for building a new architecture of trust between the state, business, and society. Corporate ESG practices are increasingly adopted by ministries, banks, and companies in construction and tourism that collaborate with HRBPA, including within the framework of the **BUSINESS HOLISTIC 2025** international conference.

4. Analytical Overview: Current ESG Trends in Uzbekistan

Indicator	2020	2023	Forecast 2025
Share of women in entrepreneurship	26%	34%	40%
Companies implementing ESG reporting	5%	12%	25%
Business trust index toward state institutions	54%	61%	70%
Foreign direct investment (USD billion)	2.5	3.8	5.0

5. HRBPA Recommendations

For the State:

- Develop a National ESG Strategy with clear performance indicators.
- Introduce an ESG rating system for enterprises.
- Support educational programs for women and youth in the green economy sector.

For Business:

- Integrate ESG principles into corporate strategy.
- Develop internal standards of trust and transparency.
- Create partnership projects with universities and NGOs.

For the HR Community and HRBPA:

- Continue promoting ESG education and expand the **BUSINESS HOLISTIC ACADEMY**.
- Broaden international cooperation.
- Establish the ESG Trust Capital Index Uzbekistan platform.

6. Concept of the ESG Platform “Trust Capital Index Uzbekistan”

The ESG Platform “Trust Capital Index Uzbekistan” is being developed as a national analytical tool for assessing trust, social responsibility, and transparency within the corporate sector in the context of ESG principles. The initiative is led and coordinated by the **HR Business Partners Association (BUSINESS HOLISTIC).**

The purpose of the platform is to establish a unified rating and analytical framework that enables the assessment of the quality of social and governance practices in companies and public institutions of the Republic of Uzbekistan.

Key parameters of the Index:

1. **Social (S):** women’s participation, labor conditions, human capital development, corporate culture.
2. **Governance (G):** transparency of reporting, compliance with business ethics codes, anti-corruption practices, management efficiency.
3. **Trust Capital:** public trust level toward an organization, measured through expert and public evaluations, open data, and participation in partnership initiatives.

Objectives:

- Develop a national ESG assessment methodology for Uzbek enterprises.
- Create an annual Trust Capital Index by economic sector.
- Produce analytical reports and ESG maturity maps by region.
- Support international investors and partners through transparent ESG metrics.

Expected Outcomes:

The project will establish a systemic understanding of trust’s role in Uzbekistan’s economy, enhance the country’s attractiveness to international investors, and strengthen HRBPA’s position as a national expert center in ESG and human capital development.

Conclusion

ESG is not merely a management methodology – it is an ethical framework in which trust becomes the measure of maturity for both business and government. Social responsibility, women's empowerment, and transparent governance form resilient institutions capable of withstanding crises. By promoting a green economy and investing in human capital, Uzbekistan demonstrates readiness for the next stage – building a trust-based economy. This vision lies at the heart of the mission of the **HR Business Partners Association / BUSINESS HOLISTIC Alliance**: to connect economy, society, and humanity through principles of responsibility and faith in the creative power of trust.

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