Trust as the Foundation of Business Cooperation: Institutional Conditions for the Development of Central Asian Countries

Introduction to the Business Holistic Conference Theme
"Trust – the Foundation of Success" (November 27, 2025, Tashkent)

Introduction

Trust is not an abstract concept, but a real economic resource. In the modern world, it acts as a form of capital, influencing investment, productivity, ESG indicators, and the competitiveness of countries. When market participants are confident in the honesty and predictability of their partners' actions, transaction costs—the costs of searching for information, concluding contracts, and monitoring compliance—are reduced. This expedites transactions, strengthens partnerships, and promotes sustainable growth.

Trust is also the foundation of social interaction and the prosperity of nations. It is a person's belief that other entities will act predictably, fairly, and as expected, even in the absence of complete control. Trust, along with other social institutions, forms a mechanism for reducing uncertainty in business relationships, which leads to development. It is not surprising that a book devoted to these issues—"Why Nations Fail?"—is available. "The Origins of Power, Prosperity, and Poverty" (2012), written by Daron Acemoglu, James A. Robinson, and Simon Johnson, became an international bestseller and received acclaim from the academic community. Daron Acemoglu's ideas on the role of trust and inclusive institutions as key factors in economic development are relevant for Central Asian countries, where institutional reforms are aimed at increasing transparency, accountability, and interaction between government and business. As Acemoglu notes, sustainable development is only possible when economic and political institutions are built on trust, inclusion, and fairness.

The book focuses on the institutional conditions of Central Asia: the coherence of law and practice, governance transparency, and cultural norms that determine the level of trust and business cooperation. Research (Fukuyama, 1995; Williamson, 1985; North, 1990; Acemoglu and Robinson, 2012) shows that high levels of trust reduce uncertainty and stimulate innovation and investment, while low levels create a "poverty trap": businesses focus on short-term goals, and the economy loses momentum. Thus, trust is the foundation of the business ecosystem and a factor in long-term growth. This is why the topic of trust as capital is central to the agenda of the BUSINESS HOLISTIC 2025 international conference.

Trust and Transaction Costs

In economic theory, trust is viewed as a form of social capital capable of reducing transaction costs (Williamson, 1985). When partners have confidence in each other, they do not need excessive contracts, monitoring, and controls. This frees up resources for development and innovation. Conversely, low levels of trust generate excessive bureaucracy, legal uncertainty, and corruption. Economies lacking stable trust mechanisms often stagnate: investment declines, innovation slows, and social mobility deteriorates (Banfield, 1958; Platteau, 2000).

Formal and Informal Institutions

Trust doesn't arise spontaneously; it is formed in a specific institutional environment. Formal institutions (law, courts, government regulation) set the rules of the game, while informal institutions—social norms, values, and behavioral culture—make these rules viable (North, 1990; Helmke & Levitsky, 2004). When there is consistency between them, society develops sustainably. However, if formal institutions exist without the support of informal norms, an "institutional façade" emerges: laws exist, but they don't work. Sustainable trust requires synergy—a combination of fair legislation, transparent governance, and moral norms based on mutual respect and responsibility.

Social Capital and Reputation

Trust, social capital, and reputation are three interrelated elements of sustainable development (Coleman, 1988; Putnam, 1993). Trust creates conditions for cooperation; reputation reinforces responsibility and integrity; and social capital ensures the reproduction of these relationships at the institutional level. In countries with a strong culture of reputation and business ethics, trust becomes an "invisible regulator" that reduces costs and increases the predictability of economic processes.

Institutional Drivers of Trust in Central Asian Countries

Central Asian societies have historically had strong clan and family structures—forms of bonding social capital. These structures support internal loyalty but limit the development of generalized, bridging trust—trust between different groups and institutions (Putnam, 2000). Research (Collins, 2003; Abdih & Medina, 2013) shows that a weak institutional environment and the prevalence of informal ties increase the level of the shadow economy and reduce the effectiveness of public administration. According to the World Values Survey, in Uzbekistan and Kyrgyzstan, only about 30% of respondents trust people outside their social group, while trust in institutions ranges from 20% to 45%. This points to the need to foster a new culture of trust, where government institutions, businesses, and civil society interact openly and predictably.

Culture of Trust and Value Models

According to the Inglehart-Welzel map, Central Asian countries remain in the zone of traditional and survivalist values, where trust is limited to the immediate circle. The strong role of family and religion strengthens internal ties but reduces openness and intergroup interaction. This characteristic explains why trust in government structures in the region is often higher than horizontal trust between individuals. However, sustainable development is only possible with a combination of both forms—institutional reliability and interpersonal trust. A culture of trust should become part of the region's business identity, based on values such as transparency, professional ethics, responsibility, and fairness.

Recommendations

To strengthen trust as economic capital in Central Asian countries, a comprehensive approach is needed, including:

1. Institutional measures
– Promoting good governance practices (“best practices of governance”) – transparency of procedures, accountability of decisions at all levels, anti-corruption measures, and open reporting.
– Facilitating voluntary arbitration in business disputes;
– Strengthening intellectual property (IP) guarantees;
– Further digitalization of business-government interactions.

2. Developing social capital:
– Supporting business associations and professional communities as trust brokers;
– Promoting joint educational and regional projects;
– Encouraging citizen participation in public initiatives.

3. Culture of trust and reputation:
– Developing codes of business ethics and open corporate reliability ratings;
– Developing ESG practices that reflect business's responsibility to society;
– Promoting the success stories of companies built on the principles of transparency and partnership.

Conclusion

Trust is not idealism, but the infrastructure of economic success. Where there is trust, there is partnership, investment, and innovation. Creating a sustainable ecosystem of trust between business, society, and the government is a key step toward creating a new "Trust Capital" for Central Asia, where capital is measured not only in money but also in the confidence that partners can be trusted.

Primary sources

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