

THE ROLE OF ACCOUNTING IN MANAGERIAL DECISION-MAKING IN UZBEKISTAN.**Abdumajidov Shohjaxon**A fourth-year student,
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Abstract. The article examines the role of accounting, particularly management accounting, in supporting managerial decision-making within the context of Uzbekistan's transitioning market economy. It analyzes the evolution from traditional Soviet-style financial accounting focused on tax and statistical reporting toward modern management accounting practices that provide timely, relevant information for planning, controlling, and strategic decisions. The study draws on theoretical foundations of management accounting, empirical data on the adoption of National Accounting Standards (NAS), the transition to IFRS for certain entities, business performance indicators from 2015–2025, and the impact of digital tools and reforms. Key aspects include cost management, budgeting, performance evaluation, financial inclusion in decision processes, and challenges such as limited professional capacity, legacy systems, and the need for better integration with digitalization. Special attention is given to enhancing the decision-usefulness of accounting information amid economic growth, foreign investment inflows, and structural reforms. Practical recommendations are provided to accelerate the development of management accounting to support sustainable business growth and achievement of macroeconomic goals.

Key words: management accounting, managerial decision-making, financial reporting, IFRS, National Accounting Standards, cost accounting, budgeting, Uzbekistan, business reforms, financial management.

Introduction.

In the modern economy, accounting has transcended its traditional role of recording transactions and complying with tax requirements to become a critical tool for managerial decision-making. In Uzbekistan, as the country undergoes significant economic reforms toward a market-oriented system since the late 2010s, the demand for high-quality, decision-relevant accounting information has grown substantially. Liberalization of the foreign exchange market, attraction of foreign direct investment, privatization efforts, and digital transformation have placed new demands on accounting systems.¹⁵

Historically, accounting in Uzbekistan (as in other post-Soviet states) was primarily oriented toward fulfilling the needs of central planning, tax authorities, and statistical reporting. This legacy has limited its usefulness for internal management decisions such as pricing, product mix, investment appraisal, and performance measurement. However, with the adoption of National Accounting Standards (NAS) inspired by IFRS, the mandatory use of IFRS for public interest entities (e.g., banks, large taxpayers, joint-stock companies) since around 2021, and ongoing reforms, accounting is increasingly supporting managerial needs.³⁰

Managerial (or management) accounting provides forward-looking information, including cost analysis, variance reporting, budgeting, and key performance indicators (KPIs), which enable managers to make informed strategic and operational decisions. In Uzbekistan's context, effective

management accounting can enhance competitiveness, improve resource allocation, support financial inclusion for SMEs, and reduce inefficiencies in the shadow economy. Yet challenges persist, including skills gaps, resistance to change, cybersecurity in digital systems, and harmonization issues between NAS and full IFRS.0

The purpose of this article is to systematically study the impact of accounting development on managerial decision-making in Uzbek enterprises, identify opportunities and barriers, and formulate recommendations for further improvement. The analysis relies on data from the Ministry of Economy and Finance, State Statistics Agency, World Bank, IMF, ADB reports, and enterprise-level insights.

Literature Review.

The theoretical foundations of the role of accounting in managerial decision-making were laid by classical and modern management accounting scholars. Pioneers such as Robert Anthony emphasized that management accounting serves as an internal information system designed to support planning, control, and decision-making processes, going beyond the external reporting focus of financial accounting. In a market economy, management accounting tools — including cost-volume-profit analysis, budgeting, variance analysis, activity-based costing (ABC), and the balanced scorecard — become critical for providing relevant, timely, and forward-looking information to managers.

In the context of transition economies, the shift from centrally planned accounting systems (primarily oriented toward tax compliance and statistical reporting) to decision-useful management accounting represents a significant challenge and opportunity. Studies on post-transition economies highlight that the quality and relevance of accounting information directly influence the effectiveness of managerial decisions, resource allocation, investment appraisal, and overall firm performance.

In Uzbekistan, the literature on accounting reforms centers on the ongoing transition from Soviet-style accounting to National Accounting Standards (NAS) and the gradual convergence with International Financial Reporting Standards (IFRS). Presidential Resolution No. PP-4611 (2020) and subsequent decrees, including the recent PP-282 (2025), have accelerated the mandatory application of IFRS for public interest entities (banks, joint-stock companies, large taxpayers, and state-owned enterprises). These reforms aim to enhance transparency, attract foreign investment, and improve the quality of information available for both external stakeholders and internal management.

Recent academic works on Uzbekistan stress that while financial accounting has progressed significantly through the adoption and harmonization of NAS with IFRS elements, management accounting remains relatively underdeveloped in many enterprises, especially among SMEs. Key challenges identified include a shortage of qualified specialists trained in modern management accounting techniques, the legacy influence of tax-driven reporting, insufficient methodological guidelines, and limited integration of digital tools for real-time analytics.

The World Bank's Reports on the Observance of Standards and Codes (ROSC) for Accounting and Auditing in Uzbekistan underline the gaps between NAS and full IFRS, particularly in areas such as fair value measurement, disclosure requirements, and the usefulness of information for economic decision-making. The Asian Development Bank (ADB) has supported capacity-building programs to strengthen IFRS implementation and professional accounting education, noting that improved financial reporting contributes to better corporate governance and managerial decision quality.

Comparative studies with other Central Asian countries (e.g., Kazakhstan) suggest that deeper adoption of management accounting practices correlates with improved firm-level performance, better cost control, and more effective strategic decisions amid economic

liberalization. Local researchers emphasize that in the era of digitalization and economic transformation, management accounting must evolve to support Uzbekistan's goals of sustainable growth, financial inclusion, and integration into global markets.

Nevertheless, literature also points to persistent obstacles: the hybrid nature of current systems (where traditional and modern practices coexist), low financial and managerial literacy in some regions, high implementation costs for advanced systems in smaller enterprises, and the need for stronger links between accounting information and actual managerial processes.

Overall, the existing body of research confirms that strengthening the role of management accounting is essential for enhancing the quality of managerial decision-making in Uzbekistan. However, there remains a need for more empirical studies on the practical impact of recent IFRS/NAS reforms on internal decision processes, as well as practical recommendations tailored to the Uzbek business environment.

Methodology.

The study employed an interdisciplinary approach combining theoretical, empirical, qualitative, and comparative methods.

Theoretical analysis is based on the classical and modern concepts of management accounting (Robert Anthony, Charles Horngren, Robert Kaplan), decision-making theories, as well as the principles of International Financial Reporting Standards (IFRS) and National Accounting Standards (NAS) of Uzbekistan.

Empirical analysis covers time-series data for the period 2015–2025, including the dynamics of IFRS adoption, the level of implementation of budgeting and cost accounting systems in enterprises, GDP growth, investment volumes, and key performance indicators of business entities.

Qualitative analysis includes the review of key regulatory documents (Presidential Resolutions PP-4611, PP-282 and others), reports of the Ministry of Economy and Finance, State Statistics Agency, World Bank, Asian Development Bank, and expert opinions.

Comparative analysis was conducted with similar transition economies such as Kazakhstan and Kyrgyzstan using data from World Development Indicators and country reports.

Analysis and Results.

Uzbekistan's accounting system has experienced profound changes over the past decade, driven by the country's ambitious economic reforms aimed at transitioning to a market-oriented economy. Since 2017–2018, and particularly after the adoption of Presidential Resolution PP-4611 in 2020 and subsequent updates in 2025, the government has actively promoted the harmonization of National Accounting Standards (NAS) with International Financial Reporting Standards (IFRS). This shift has moved accounting away from its traditional Soviet-era focus on tax compliance, statistical reporting, and central planning toward a more decision-useful system that supports managerial needs.

Empirical evidence from 2015 to 2025 clearly demonstrates the growing importance of accounting information in managerial decision-making. The number of enterprises applying IFRS has steadily increased, especially among banks, joint-stock companies, large taxpayers, and entities with foreign capital participation. According to data from the Ministry of Economy and Finance and the State Statistics Agency, companies that have implemented modern management accounting practices show noticeably better performance indicators. These enterprises benefit from improved cost control, more accurate product costing, effective budgeting, variance analysis, and timely performance evaluation. As a result, they make more informed decisions regarding pricing strategies, investment projects, production optimization, and resource allocation.

The rapid growth of foreign direct investment (FDI) and the expansion of the private sector have further intensified the demand for high-quality managerial accounting information. Foreign investors and partners require transparent, reliable, and internationally comparable financial data

for due diligence and ongoing performance monitoring. In large and medium-sized companies, especially in manufacturing, trade, services, and agriculture, the introduction of automated accounting systems and digital platforms has enabled real-time data analysis, scenario planning, and forecasting. This digital transformation has significantly strengthened the analytical function of accounting departments and enhanced the speed and quality of managerial decisions.

Particular progress has been observed in the banking and financial sector, where management accounting plays a critical role in credit risk assessment, liquidity management, and strategic planning. Retail lending and fintech development have also pushed enterprises toward more sophisticated cost and profitability analysis. However, the situation differs significantly across business sizes. While large enterprises and foreign-invested companies demonstrate relatively high levels of management accounting development, small and medium-sized enterprises (SMEs), which constitute over 80% of all businesses in Uzbekistan, still largely rely on simplified accounting primarily oriented toward tax reporting. In many SMEs, management accounting is either absent or limited to basic financial statements, which restricts their ability to conduct proper economic analysis and strategic planning.

Comparative analysis with neighboring countries shows that Kazakhstan has achieved somewhat deeper penetration of modern management accounting practices, particularly in the extractive and financial sectors. Nevertheless, Uzbekistan is catching up rapidly thanks to ongoing reforms, digitalization initiatives, and capacity-building programs supported by the World Bank and the Asian Development Bank. Positive outcomes are already visible: improved corporate governance, better tax collection, reduced inefficiencies, and increased attractiveness for foreign investors.

Despite the progress, several challenges continue to hinder the full potential of accounting in managerial decision-making. These include a shortage of highly qualified accountants and managers trained in modern management accounting techniques, the persistent legacy influence of tax-driven accounting, high implementation costs for advanced software in smaller businesses, and insufficient integration between financial and management accounting systems. Low financial literacy among some business owners in the regions also slows down the adoption process.

In summary, the analysis confirms that the development of accounting, particularly its management component, has a substantial positive impact on the quality of managerial decisions in Uzbek enterprises. The ongoing reforms and digitalization create favorable conditions for further advancement. Strengthening management accounting is not only necessary for individual business success but also represents an important factor in achieving the country's broader goals of sustainable economic growth, increased competitiveness, and successful integration into the global economy.

Conclusions and Recommendations

The role of accounting in managerial decision-making in Uzbekistan has grown substantially amid the country's transition to a market economy. Management accounting has evolved from a traditional tax-compliance tool into a strategic instrument that provides timely and relevant information for planning, cost control, budgeting, performance evaluation, and investment decisions. Empirical evidence from recent years shows that enterprises actively using modern accounting practices demonstrate improved resource allocation, better cost management, and higher adaptability to market changes. The ongoing convergence with IFRS, digitalization of financial reporting, and economic reforms have created a strong foundation for further progress. Nevertheless, challenges such as skills shortages, the legacy of tax-oriented accounting, and slow adoption among SMEs remain.

To fully realize the potential of accounting in supporting managerial decisions, it is essential to accelerate the development of management accounting through targeted reforms. This includes

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integrating modern management accounting techniques into higher education and professional training programs, creating a unified digital accounting platform for real-time analytics, and providing regulatory incentives for enterprises that implement advanced costing, budgeting, and performance measurement systems. Closer cooperation with international organizations such as the World Bank, ADB, and IFRS Foundation will help strengthen local capacity and best practices.

Successful implementation of these measures will enable Uzbek enterprises to make more informed and effective managerial decisions, enhance competitiveness, attract greater foreign investment, and contribute to sustainable economic growth. Uzbekistan has strong potential to become a regional leader in modern accounting and financial management in Central Asia, provided that the right balance between innovation and practical implementation is maintained.

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