

WAYS TO INCREASE THE COMPETITIVENESS OF MARKET INSTITUTIONS

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Abstract: In this article, we examine the key ways to enhance the competitiveness of market institutions in the context of deepening market relations and intensifying global competition. Particular attention is paid to the role of institutional factors, government regulation mechanisms, and the impact of innovation and digital technologies on the development of market institutions. The paper analyzes theoretical approaches to the concept of competitiveness of market institutions and identifies practical areas for their improvement.

Keywords: market institutions, competitiveness, institutional development, government regulation, innovation, digital economy, business environment, economic growth.

Аннотация: В данной статье мы рассматриваем основные способы повышения конкурентоспособности рыночных институтов в условиях углубления рыночных отношений и усиления глобальной конкуренции. Особое внимание уделяется роли институциональных факторов, механизмов государственного регулирования, а также влиянию инноваций и цифровых технологий на развитие рыночных институтов. В работе анализируются теоретические подходы к понятию конкурентоспособности рыночных институтов и раскрываются практические направления их совершенствования.

Ключевые слова: рыночные институты, конкурентоспособность, институциональное развитие, государственное регулирование, инновации, цифровая экономика, деловая среда, экономический рост.

Introduction. In today's global economic development, the competitiveness of market institutions is becoming a key factor in sustainable economic growth and the effective functioning of national economies. Market institutions are a set of rules, norms, and organizations that ensure market functioning, protect property rights, free enterprise, and regulate economic activity. Their sustainable development directly impacts the efficiency of economic activity, investment inflows, innovation, and the country's integration into global economic processes. In recent years, the Republic of Uzbekistan has been implementing large-scale reforms aimed at strengthening market institutions and increasing the competitiveness of the national economy. Data from the State Statistics Committee indicate significant growth in the market services sector: from January to October 2025, the volume of market services rendered reached 818.5 trillion soums, a 14.4% increase compared to the same period last year. This indicates increased business activity and the development of the service sector, which is essential for a competitive environment[1]. Furthermore, an analysis of innovation development rankings

shows that Uzbekistan is gradually strengthening its position in global indices: the country has risen in the Global Innovation Index, reflecting growth in innovation activity and institutional development potential[2]. These and other positive changes indicate that our country's market institutions are undergoing structural transformations aimed at increasing the transparency, efficiency, and attractiveness of national business.

However, despite these achievements, challenges remain, including the underdevelopment of the competitive environment in certain sectors, limited access to foreign markets, and the need to further strengthen institutional regulatory mechanisms. A comprehensive study of ways to enhance the competitiveness of market institutions in the context of market reforms is becoming an important research task, the solution of which requires consideration of both international experience and the specifics of the national economy.

Analysis of literature on this topic. The problem of competitiveness is considered a central category in economic theory in the scientific literature, encompassing various levels of the economic system—from goods and companies to industries, regions, and the national economy. In the classical sense, competitiveness is defined as the ability of a market participant to successfully operate and maintain its market position relative to competitors [3]. Russian and international studies offer numerous definitions of competitiveness, reflecting different approaches to the concept. Thus, according to some authors, an organization's competitiveness is viewed as its ability to maintain a stable market position over the long term, generate economic advantages over other participants, and achieve its goals [4]. Other researchers emphasize that competitiveness is manifested through product quality, pricing policy, innovation, and service levels, which provide a competitive advantage [5]. These approaches emphasize the multifaceted nature of competitiveness as an economic category.

Particular attention in the literature is given to the institutional aspects of competitiveness. Within the institutional approach, competitiveness is viewed not only as an economic property of entities, but also as a characteristic of the institutional environment in which these entities operate. According to some studies, institutional competitiveness is determined by the set of rules, norms, and formal and informal mechanisms that create favorable conditions for the development of market entities and stimulate their competitive advantage [6]. This interpretation expands the traditional understanding of competitiveness by incorporating the role of institutions as important factors in shaping the competitive environment. Studies devoted to the theoretical foundations of organizational competitiveness note that institutions play a key role in regulating competitive relations. Effective institutional regulation contributes to the creation of fair competitive conditions, the protection of property rights, improved access to resources, and the stimulation of innovation, which ultimately increases the competitiveness of both individual companies and the economy as a whole [7].

An analysis of global scientific literature shows that the topic of competitiveness is actively studied in various contexts, including education, services, industrial enterprises, and national economies, indicating its universal significance and multifaceted nature [8]. However, despite the wealth of theoretical approaches, the institutional mechanisms for the development and promotion of competitive market institutions remain a subject of ongoing debate and require further research. This is particularly important for countries with transition economies, such as the Republic of Uzbekistan, where the development of effective market institutions is key to sustainable economic development.

Research methodology. In this article, a combination of methods, including both theoretical and empirical approaches, was used to analyze ways to improve the competitiveness of market institutions. The research methodological framework is built on modern economic, mathematical,

institutional, and statistical tools, enabling a comprehensive assessment of the state of market institutions and identifying key areas for improvement.

The following methods were used to develop the conceptual research model:

- Analysis and synthesis – enabled us to systematize existing approaches to the concept of competitiveness of market institutions and identify their main characteristics.
- Generalization and classification – used to identify the main types of market institutions and the factors influencing their competitiveness.
- Comparative analysis – used to compare national mechanisms for institution formation with international experience and identify best practices.

To assess the current state of market institutions in the Republic of Uzbekistan, the following were used:

- Statistical analysis – processing data from the State Statistics Committee of the Republic of Uzbekistan, including indicators of the volume of market services, investment activity, and innovation.
- Content analysis of regulatory documents – a study of laws, regulations, and strategies aimed at developing market institutions, as well as reforms in the sphere of state regulation.

The use of a combined methodology provides a holistic understanding of the mechanisms that shape the competitiveness of market institutions and allows for the development of practical recommendations applicable to the economy of Uzbekistan.

Analysis and results. Market institutions in Uzbekistan are being formed in the context of active legislative reform, modernization of government structures, and digitalization of processes. According to the State Statistics Committee, the volume of market services provided in January–October 2025 amounted to 818.5 trillion soums, 14.4% higher than the same period in 2024 [9]. This growth reflects increased entrepreneurial activity and the expansion of the service sector, which is critical for the formation of a competitive environment. Large-scale reforms, including improving the investment climate, simplifying business registration and licensing procedures, and introducing digital services for entrepreneurs, are helping to create conditions for the sustainable functioning of market institutions. The introduction of electronic platforms, online services, and automated management tools reduces administrative barriers and increases the transparency of economic processes [10].

International assessments also document positive trends. Thus, Uzbekistan climbed four positions in the 2025 Global Innovation Index, reflecting the country's growing institutional capacity and improved business conditions [11]. Based on an analysis of theoretical and empirical sources, the following key factors affecting the competitiveness of market institutions are identified:

1. Institutional infrastructure and legal regulation. Effective legislation and regulations ensure the protection of property rights, stimulate competition, and create a predictable environment for economic actors.
2. Digitalization and innovation. Modern technologies enable the automation of processes, reduce costs, accelerate information exchange, and provide greater market access for entrepreneurs.
3. Quality of the business environment. This includes the availability of financial resources, the availability of business consultants and educational programs for entrepreneurs, and support for start-ups and small businesses.
4. Human capital development. Training and professional development of employees of market institutions, as well as entrepreneurs, contributes to the improvement of the quality of services provided, management efficiency, and the implementation of innovative practices.

5. Performance monitoring and evaluation system. The introduction of performance indicators and institutional monitoring tools enables timely adjustments to strategic and tactical decisions, improving the effectiveness of the market environment [12].

Empirical analysis shows that institutional infrastructure is the key factor in shaping the trust of entrepreneurs and investors. The development of digital services and innovative platforms accelerates information exchange, reduces transaction costs, and increases market transparency. The quality of the business environment has a direct impact on entrepreneurial activity, stimulates the growth of new companies, and increases employment. Human capital development ensures the professionalism and competence of market institution employees, which directly impacts the efficiency and quality of services provided. A monitoring system allows for the monitoring of institutional performance and the adjustment of reform strategies, creating a feedback mechanism and sustainable development [13].

An analysis of literature and statistical data shows that the key areas for improving the competitiveness of market institutions include institutional infrastructure, digitalization, the quality of the business environment, human capital development, and the implementation of a monitoring system. These areas form the basis for the effective functioning of institutions and stimulate investment and innovation activity.

Table 1.

Key methods for improving the competitiveness of market institutions in Uzbekistan

Method of Improving	Examples of implementation in Uzbekistan	Economic impact	Social impact
Institutional Infrastructure	Legislative reforms, property rights protection	Inflow of investment, reduced business risks	Increased trust among entrepreneurs and the public
Digitalization and Innovation	Electronic trading platforms, online government services	Cost reduction, increased operational efficiency	Convenience for businesses and citizens
Quality of the Business Environment	Business incubators, consulting centers	Increased number of successful startups	Expanded employment, increased incomes
Human Capital Development	Institutional staff development programs	Increased professionalism and efficiency	Improved quality of services provided
Monitoring System	Implementation of KPIs and performance indicators	Increased institutional performance	Transparency and accountability of public and private entities

These tables confirm that the integrated application of institutional reform, digitalization, and human resource development tools creates a favorable environment for the effective functioning of market institutions. Particularly important is the combination of legal regulation with innovative and digital platforms, which helps reduce transaction costs and increase the transparency of the economic environment.

To more thoroughly assess the impact of competitiveness factors on market institutions, they were classified according to their degree of impact on economic and social outcomes. This

allows us to identify priority development areas and identify the most significant tools for strengthening the institutional environment.

Table 2.

The Impact of Competitiveness Factors on Economic and Social Impact in Uzbekistan

Factor	Economic effect (1-5)	Social effect (1-5)	Commentary
Institutional Infrastructure	5	4	A key factor for stable market functioning
Digitalization and Innovation	4	4	Increases the efficiency and accessibility of services
Quality of the Business Environment	4	5	Increases the number of entrepreneurs and creates jobs
Human Capital Development	3	4	Improves the quality of services provided and professionalism
Monitoring System	4	3	Promotes transparency and oversight of institutional activities

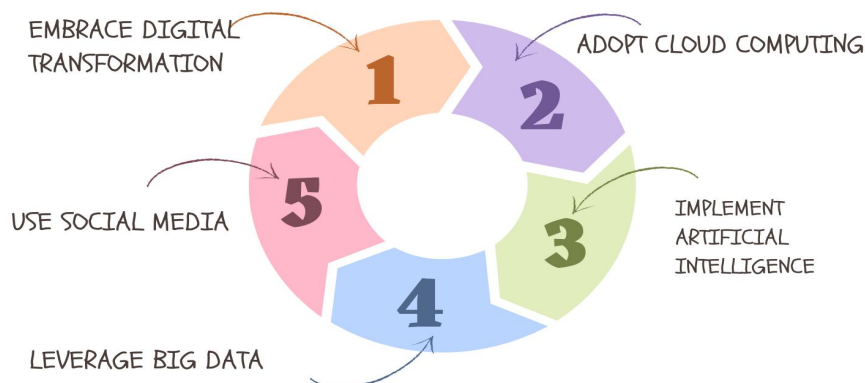
Data analysis shows that institutional infrastructure, digitalization, and the quality of the business environment have the greatest impact on the competitiveness of market institutions. These factors ensure economic efficiency, stimulate investment, and strengthen the trust of entrepreneurs and citizens. Human capital development and performance monitoring are additional but essential tools for sustainable development. The integrated application of all factors allows for the creation of a competitive institutional environment conducive to economic growth, innovation, and socioeconomic development.

Enhancing the competitiveness of market institutions requires a comprehensive approach encompassing institutional, technological, and social aspects. At the current stage of reforms in Uzbekistan, key areas include digitalization, the introduction of innovative technologies, improving the business environment, developing human capital, and creating a performance monitoring system. These tools interact with each other, forming a holistic strategy for enhancing the effectiveness of institutions and stimulating entrepreneurial activity. To clearly illustrate the key methods for achieving a competitive advantage, Figure 1 is presented, which systematizes the key areas of institutional activity in a transformative economy.

Figure 1.

Tips for gaining a competitive advantage - key areas for enhancing the competitiveness of market institutions

TIPS FOR GAINING A COMPETITIVE ADVANTAGE



The figure demonstrates five key tools by which market institutions can enhance their competitiveness. First, digital transformation enables the automation of processes, accelerates information exchange, and increases operational transparency, reducing transaction costs and strengthening entrepreneurial trust. Second, the introduction of cloud technologies provides flexible resource management, accelerates data processing, and improves institutional efficiency. Third, the use of artificial intelligence optimizes decision-making, predicts market trends, and improves the quality of services provided. Fourth, big data analytics enables the assessment of economic processes, identification of weaknesses, and adjustment of strategic decisions. Fifth, the active use of social media and digital communications improves interactions with entrepreneurs and citizens, increasing awareness of institutional services and initiatives, thereby strengthening social trust and stimulating entrepreneurial activity.

The integration of all these tools ensures a comprehensive increase in the competitiveness of market institutions, creating conditions for economic growth, innovation, and improved socioeconomic well-being, which is fully consistent with the identified key factors of competitiveness, including institutional infrastructure, the quality of the business environment, and the development of human capital.

Analysis shows that to enhance the competitiveness of market institutions in Uzbekistan, a comprehensive application of all of these factors is necessary. The introduction of innovative and digital solutions should be combined with legislative improvements, the development of human resources, and the ongoing assessment of institutional performance. The study's results confirm that comprehensive institutional support contributes to:

- increased economic activity and growth in the volume of market services;
- enhanced investment attractiveness;
- the creation of a favorable environment for innovation;
- strengthening entrepreneurial and public trust in institutions;
- the development of social potential through increased employment and incomes.

Thus, the development of competitive market institutions requires a systematic approach, integrating legislative, digital, educational, and regulatory mechanisms.

Conclusion and suggestions. The study found that improving the competitiveness of market institutions in the Republic of Uzbekistan requires a comprehensive approach, including institutional reforms, digitalization of processes, human capital development, and a performance

monitoring system. The analysis revealed that institutional infrastructure, transparent legislation, and legal regulation create conditions for reducing business risks, stimulating investment activity, and building entrepreneurial trust. At the same time, digitalization and the introduction of innovative technologies facilitate the acceleration of information exchange, reduce transaction costs, and improve the accessibility of services for businesses and citizens. A strong business environment, including support for startups, educational, and consulting programs, stimulates entrepreneurial activity, creates new jobs, and improves the socioeconomic indicators of the population. Human capital development ensures the professionalism of institutional employees, improves operational efficiency and the quality of services provided, while a monitoring system enables timely adjustments to strategic decisions and increases the transparency of institutional activities.

Based on our research on this topic, we offer the following proposals:

✚ First, institutional reforms must be continued, legislation must be improved, and uniform standards for market institutions must be created to reduce administrative barriers and strengthen entrepreneurial trust.

✚ Second, digital technologies must be actively implemented, electronic platforms and online services for government and market institutions must be expanded, which will ensure efficiency, transparency, and reduced transaction costs.

✚ Third, it is recommended to strengthen the business environment by expanding the network of business incubators, consulting, and educational centers to support small and medium-sized businesses, stimulate entrepreneurial activity, and create new jobs.

✚ Fourth, it is important to develop human capital by implementing programs to improve the skills of employees of market institutions and entrepreneurs, including training in modern management methods and digital tools.

✚ Fifth, it is necessary to implement a system for monitoring and evaluating the performance of institutions, using KPIs and performance indicators, which will allow for timely adjustments to strategic and tactical decisions.

Thus, the integration of all of the above factors creates a sustainable, effective, and competitive institutional environment that promotes innovative growth, investment attractiveness, and the country's socio-economic development.

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