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"MILLIY STATISTIKA TIZIMIDA YANGI BOSQICH: BARQAROR RIVOJLANISH MAQSADLARI, XALQARO STANDARTLAR VA ZAMONAVIY TENDENSIYALAR"

THREE-STAGE REGIONAL CLASSIFICATION: GROUPING THE REGIONS OF UZBEKISTAN ACCORDING TO THE RATIO OF STRATEGIC MANAGEMENT AND COMPETITIVENESS

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Abstract

Regional competitiveness has become one of the central priorities of economic policy in modern Uzbekistan. The implementation of the "New Uzbekistan Development Strategy" and the "Uzbekistan–2030" program has intensified the need for differentiated regional policies capable of transforming investment and innovation potential into sustainable socio-economic development. However, empirical evidence demonstrates that the regions of Uzbekistan do not respond equally to strategic management efforts. Some regions successfully convert strategic resources into competitiveness outcomes, while others remain trapped in structural imbalances.

***Keywords**: Strategic Management Index (SMI), regional competitiveness index (RCI), institutional transmission mechanisms, integration–differentiation–diversification, post-soviet regional development*

This thesis proposes a three-stage regional classification model based on the relationship between the Strategic Management Index (SMI) and the Regional Competitiveness Index (RCI). Drawing upon the theoretical foundations of strategic management, regional competitiveness, endogenous growth theory, and institutional economics presented in §1.2 of the dissertation, as well as empirical evidence from Table 2.3.10, the study identifies three regional development trajectories: Integration, Differentiation, and Diversification. The model provides a conceptual-empirical framework for understanding the uneven transformation of strategic resources into regional competitiveness across Uzbekistan. The research demonstrates that regional competitiveness is not determined solely by investment volume or industrial specialization. Instead, the effectiveness of institutional transmission mechanisms and strategic governance determines whether strategic resources can generate sustainable competitiveness outcomes. The proposed classification contributes to regional economic policy by offering differentiated strategic approaches for regions with distinct development structures.

Modern theories of regional development emphasize that competitiveness emerges from the interaction between strategic resources, institutional quality, and innovation capacity. Classical localization theories developed by Alfred Weber explained regional specialization through transportation and production costs, while the New Economic

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Geography approach of Paul Krugman highlighted agglomeration effects and the concentration of economic activity. Later, endogenous growth theory introduced by Paul Romer and Robert Lucas shifted attention toward innovation, human capital, and technological accumulation as the principal drivers of long-term regional growth. At the same time, the competitiveness framework proposed by Michael Porter emphasized that sustainable regional advantage depends not on cheap labor or natural resources, but on innovation ecosystems, cluster development, and strategic coordination. These theoretical approaches collectively support the dissertation’s conceptual chain:

SMI → Institutional Environment → RCI

where strategic management resources generate competitiveness only if institutional mechanisms allow effective transmission into socio-economic outcomes.

Based on this conceptual framework, the regions of Uzbekistan can be classified into three strategic categories according to the balance between SMI and RCI indicators.

Integration regions demonstrate a relatively balanced relationship between strategic management capacity and competitiveness outcomes. In these territories, investments, innovation activity, industrial policy, and institutional reforms operate coherently. Strategic resources are successfully transformed into employment growth, productivity improvement, export expansion, and rising living standards. The empirical evidence indicates that Tashkent city and Tashkent Region represent the clearest examples of this category. These territories possess diversified industrial structures, advanced infrastructure, stronger institutional environments, and relatively developed innovation ecosystems. Their high SMI values correspond closely with high RCI performance, indicating an effective transmission mechanism between strategic governance and competitiveness.

Differentiation regions are characterized by structural imbalance between strategic management resources and competitiveness outcomes. In these territories, high investment intensity or industrial concentration does not immediately translate into regional welfare or competitiveness. The principal reason lies in institutional bottlenecks, weak market linkages, or excessive dependence on a narrow industrial base. The most important example is Navoi Region. During 2010–2018, the region maintained one of the highest SMI scores due to large-scale mining and metallurgical investments associated with the Navoi Mining and Metallurgical Company. Nevertheless, its RCI remained among the lowest in the country. This “Navoi paradox” demonstrates that strategic resources alone are insufficient without institutional openness and effective economic transmission channels. After the institutional reforms of 2019, however, the region experienced a dramatic improvement in competitiveness performance. Currency liberalization, investment reforms, and the expansion of private sector participation opened the transmission mechanism between SMI and RCI. As a result, Navoi rapidly moved from the bottom competitiveness group to one of the strongest-performing regions in the country.

Diversification regions possess relatively low initial strategic capacity but exhibit potential for long-term competitiveness through economic diversification and adaptive strategic governance. These regions often rely heavily on agriculture or labor-intensive sectors and therefore require differentiated development policies focused on innovation, human capital, and industrial restructuring. Regions such as Namangan, Surkhandarya, and Kashkadarya fall into this category. Their future competitiveness depends not on large capital-intensive projects, but on gradual diversification through small and medium-sized enterprises, export-oriented manufacturing, education, and regional innovation systems.

The empirical analysis conducted in this study confirms the validity of the proposed three-stage classification system. Integration: High SMI with effective institutional transmission resulting in stable high RCI and sustainable competitiveness. Differentiation: High SMI but weak transmission mechanisms causing structural imbalance between investment and welfare. Diversification: Moderate or low SMI with adaptive potential leading to gradual competitiveness improvement through restructuring. The empirical analysis demonstrates that the relationship between SMI and RCI strengthened significantly after the institutional reforms implemented in Uzbekistan after 2019. Before reforms, the statistical relationship between strategic management and competitiveness remained weak and insignificant. After reforms, however, the relationship became statistically significant, confirming that institutional openness serves as the critical transmission mechanism linking strategic governance to regional competitiveness.

Conclusions

Several important conclusions emerge from the proposed three-stage regional classification model. First, regional competitiveness in Uzbekistan is highly heterogeneous and cannot be explained through uniform national indicators alone. The relationship between strategic management and competitiveness differs substantially across regions depending on institutional conditions and economic structure. Second, the proposed classification demonstrates that strategic management resources do not automatically produce competitiveness outcomes. The experience of Navoi Region confirms that high investment intensity without effective institutional transmission mechanisms may generate structural imbalance rather than inclusive development. Third, institutional reforms implemented after 2019 significantly improved the conversion of strategic resources into competitiveness outcomes. This finding confirms the central importance of institutional openness, regulatory flexibility, and market integration in regional development policy. Finally, the Integration–Differentiation–Diversification framework provides a practical foundation for differentiated regional policy in Uzbekistan. Integration regions require innovation-driven expansion, differentiation regions require institutional restructuring and transmission reforms, while diversification regions require long-term support for industrial transformation and human capital development.

Classification Type	Strategic Management Characteristics	Competitiveness Outcome	Representative Regions
Integration	High SMI with effective institutional transmission	Stable high RCI and sustainable competitiveness	Tashkent city, Tashkent Region
Differentiation	High SMI but weak transmission mechanisms	Structural imbalance between investment and welfare	Navoi Region (2010–2018)
Diversification	Moderate or low SMI with adaptive potential	Gradual competitiveness improvement through restructuring	Namangan, Surkhandarya, Kashkadarya

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POSSIBILITIES OF APPLYING FOREIGN REGIONAL COMPETITIVENESS POLICIES TO UZBEKISTAN

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Abstract

Regional competitiveness policy has become one of the most important directions of modern economic governance. Countries that successfully reduced territorial disparities and increased regional productivity achieved these results not only through investment growth, but also through effective strategic management, institutional coordination, innovation support, and differentiated regional policies. For Uzbekistan, which is currently implementing large-scale economic reforms and territorial modernization programs, the study of foreign regional competitiveness models has significant practical importance.

Keywords: *regional competitiveness policy, place-based development, innovation clusters, comparative policy analysis, territorial differentiation.*

This thesis analyzes the regional competitiveness policies of the European Union, South Korea, China, Kazakhstan, and Finland, and evaluates the possibilities of adapting their experiences to Uzbekistan. The research is based on comparative policy analysis and focuses on strategic planning systems, innovation support mechanisms, cluster development, institutional coordination, and regional governance models. Unlike econometric studies, this research follows a conceptual and policy-oriented approach aimed at identifying practical recommendations for regional development management in Uzbekistan.

International experience demonstrates that successful regional competitiveness policies depend on the interaction between strategic governance, institutional flexibility, innovation systems, and territorial specialization. Different countries apply different approaches depending on their economic structure, governance tradition, and level of development.

The European Union follows a place-based regional policy model that prioritizes institutional quality, infrastructure modernization, innovation ecosystems, and regional cohesion. Through the European Regional Development Fund and Smart Specialization Strategy, EU regions receive differentiated support according to their economic potential and structural conditions. The key lesson for Uzbekistan is the importance of