



Journal Website:
<https://theusajournals.com/index.php/ijmef>

Copyright: Original
content from this work
may be used under the
terms of the creative
commons attributes
4.0 licence.

SPECIFIC ASPECTS OF IMPROVING INSTITUTIONS AND INSTITUTIONAL RELATIONS

Submission Date: Aug 02, 2024, Accepted Date: Aug 07, 2024,

Published Date: Aug 12, 2024

Crossref doi: <https://doi.org/10.37547/ijmef/Volume04Issue08-04>

Bozorboy Berkinov

Professor of Tashkent State University of Economics, Director of the Center for Institutional and Economic Research, Uzbekistan

Sardorbek Akhadov

Foundation PhD student of TSUE, Uzbekistan

ABSTRACT

In this article, the specific aspects of improving institutions and institutional relations are highlighted. Furthermore, the article gives information about reasonable opinions and considerations. Additionally, the characteristics of institutions and norms of the institutional environment are also discussed. Conclusions and suggestions are given at the end of the article.

KEYWORDS

Institutions, institutional relations, state and society, institutional environment, ownership relations.

INTRODUCTION

It is a big change that new institutions and the corresponding institutional environment were created in the process of expropriating property from the state and privatizing it in a historically short period of time in Uzbekistan. It is gratifying that this allows effective

management of state assets in our country and bringing their privatization to a new strategic stage.

The fact is, and this is not a new concept to anyone, that any state and society, its economic agents operate and develop within certain institutions. Over time,

under the influence of internal requirements and external factors, the development of institutions becomes "obsolete", which hinders development. In such cases, existing institutions and institutional environment should be improved or new ones should be introduced.

It will not be a mistake to note that what are the characteristics of the institutions and norms of the institutional environment, what is their role in the development of the country, why markets or property relations work or do not work? It allows to find answers to the questions which changes in the social sphere occurred due to internal reasons or because of one or another decision of the government. These and other similar questions play a key role in all stages of the development strategy of New Uzbekistan, as well as in the new Constitution. This is shown by foreign experiences and past experiences of social and economic development of Uzbekistan.

If we look at it from this point of view, in the work of the President of Uzbekistan Sh. Mirziyoyev "Strategy of New Uzbekistan" and the Decree of January 28, 2022 "On the development strategy of New Uzbekistan for 2022-2026" it is necessary to improve the norms of the institutional environment and private ownership mechanisms and introduce new institutions. priorities were determined.

As a result of the reforms carried out in the last five years, the necessary political-legal, socio-economic and scientific-educational foundations for the

establishment and development of New Uzbekistan were created in our country. They have a positive effect on the stable economic development of our country at the present time. According to statistics, the population of Uzbekistan in 2023 compared to 2020 will be 11.5 million. increased per person. The volume of GDP production in the country increased by almost 270 times during this period. GDP per capita increased 190 times. According to the research carried out abroad and, in our country, the influence of institutions and institutional norms related to the state, society and business activity on GDP is determined to be equal to 4.5-9% for every 10 years.

Taking this into account, 888.3 trillion will be created in our republic in 2022. about 80 trillion soums of GDP volume. soums, i.e. 9 percent was produced due to the share of institutions and institutional norms. At the same time, the Program for the formation of a new institutional environment was approved, which includes official rules and norms that unite 100 goals, consisting of 7 priority directions for the implementation of the development strategy. Program To establish a new management system as a general institutional model determining the structural changes of the economy of Uzbekistan in a new institutional environment; along with the effective use of land, water, labor and other resources, it creates conditions for accelerating economic relations, bringing the development of our country to a new level, and ensuring high rates of economic growth.

From this point of view, the gradual implementation of strategic reforms in the field of ownership in Uzbekistan requires the development of self-justified, effective institutions, norms and mechanisms, as well as the protection of property rights. Taking this into account, it is necessary to create new institutions and strengthen the role of institutions in the development of the multi-sector economy and its branches, to further improve the norms of private ownership and protection of the rights of owners using foreign experiences, and to widely introduce into practice the methods of reducing transaction costs arising in the contractual processes in property relations.

The consistent performance of work in the directions related to the implementation of these priority tasks of supporting sustainable economic development, as defined in the "New Uzbekistan Strategy" of the President, is a guarantee of success, and it is the pride of every citizen of our country.

In conclusion, the strategy of New Uzbekistan, in the transition from the strategy of actions to the strategy of development, provides comprehensive stimulation of the emergence and development of new institutions, increasing the influence of economic sectors, activation of the social sphere, support of the population, and the widespread penetration of institutional and legal norms of protection into life.

In different periods, scientists and specialists have established the essence of institutions and the reasons for their origin [3,4]. For example, American scientists

T. Veblen [5] defined institutions as follows: "Institutions are the usual way of thinking that people live by following them" or "Institutions are the result of processes that occurred in the past, they are adapted to the conditions of the past and, in turn, the present time. not fully adapted to the requirements". At the end of the last century, by the American scientist E. Erdward [6] "Institutions are social goods that are used by many individuals everywhere and every day and are mainly characterized by their uniqueness. Institutions simplify the exchange process. They are an integral part of the decision-making process that transforms individual decisions into positive decisions. According to J. Hodgson, another US scientist [7], "Institutions are social organizations that lead to the creation of long-term and stable patterns of behavior through tradition, custom or legal restrictions."

When talking about institutions, it is important to note that institutions cannot be seen, physically felt or measured. These are special constructions, invisible mechanisms created by the human mind. Institutions reflect the way of thinking characteristic of a particular group of people.

The above-mentioned T.Veblen recognized that "society was institutionalized before." Taking this into account, B.Z.Milner wrote to D.North [8] at the beginning of his words: "Institutions are constraints developed by people and coercive factors that structure their mutual cooperation. All these together form the driving force of society and economy.

In general, many definitions are given to the concept of "institute" in the scientific literature, taking into account their specific characteristics. The authors of the research emphasized some features of the concept of "institute" or specific forms corresponding to this feature. Taking into account all the definitions presented in the literature, if they are combined into a single system, removing the repetitive cases, then it is possible to create a set of symbols that have the concept of this institution.

The existing tariffs in the literature serve as a source for such a description and distinguishing of the signs of the institute. The main goal of our research is to determine their characteristics through the essence of the definitions given below, and to gather additional (external) ideas that form new institutions embodied in the concept of "institute".

1. The institution is a social structure and belongs to the social environment. This means, first of all, that the sign of the concept of "institution" means the existence of social relations between people. "Any institution is related to social interaction," Hodgson [9] pointed out. Dj. North writes, "Social institutions are always scattered in individuals trying to live and work together." "We create it (the institution) while conducting our social life" [10]. In other words, the concept of "institute" reflects the social description of the cocktail. Institutions, thus, express the content of social life.

2. An institution is an external (social in origin) regulatory force that limits the choice of individuals and conduct of business. Institutions are objects that directly affect the individual behavior of economic agents. An institution is an external environment that opposes an individual, is social in origin, and is considered the basis of his behavior. "In relation to human freedom, an institution is an external environment that teaches what to do and what not to do when connected with law and values" [11].

"Society affects individuals through institutions, and they appear as a "social border", T. Eggertsson [12] states. In this, social boundaries imposed by institutions combine with familiar boundaries in economic theory, such as income and technology, to influence human motivation and shape their choices. Institutions structure and limit the behavior of individuals and create incentives for individual behavior. "Institutional economic theory - write Furuton and Richter - deals with a system that limits the possible behavior of individuals" [13]. According to D. North, the purpose of any such institutions is to direct individual behavior to the necessary flow. The institute provides a structural framework for daily activities. This is "the limit level created by man" [10]. He "clarifies the composition of incentives in society, especially in the economy. According to Durkheim, institutions are any form of thoughts, actions and feelings that limit the behavior of individuals [14]. "Institutions limit behavior and ensure it," says Hodgson [9]. Institutions,

he claims, are expressed in the form of clear and undefined boundaries subject to rational calculated individual action [7].

3. The institution creates a certain structural structure of the interaction of individuals. Institutions do not deal with isolated, temporary individuals. They not only affect and limit individual behavior, but also limit the attitude of one individual to another. Thus, the institution can be viewed as a mechanism of social control in a certain stable repetitive form, which constitutes the interaction between people, that is, given by this interaction.

4. Institution is a rule, i.e. "it is conformity to the norm of normative flexibility (boundary) as a condition that manifests itself in society and causes Y under X conditions" [9]. A possible (expected) model of individual action or social interaction is given by the individual in the form of a certain limit or normative model of self-control. Thus, the sign of an institution is the presence of rules (system of rules) of one form or another.

5. The institution is an influencing force. According to D. North, the concept of "institution" embodies not only formal boundaries (rules, laws, constitutions), but also informal boundaries (self-restraint, norms of negotiation, and voluntary codes of self-restraint), as well as " it also embodies certain recommendations that compel the implementation of this or that" [10].

6. An institution is a supervisory action or authority. Coercion is the rules and mechanisms with a general

basis, the emergence of the activity of a whole element, namely one or another social subjects, which embodies the result of their behavior. Briefly, an institution is a movement, and the content of this movement is power (control).

7. An institution is a real behavior (restraint) or rule in action. The result of applying the rule, as well as the coercive mechanism of its implementation, or in general, the act of controlling individual behavior, is considered a real behavior, and in one way or another it is an effective rule or "rule in action". "Institutions," writes Odintsova, "can be defined as a set of rules in action" [15].

8. An institution is a social order. A certain social order is formed on the basis of existing institutions (rules) and a real sequence of behavior. Therefore, it is possible to look at the institution as a way of organizing the mutual behavior between people that appears on the basis of a certain social order or institution - rule.

9. Institute is an organization. They are the factors that direct and subjugate people's activities and equally shape their social behavior.

These definitions include the main characteristics of institutions, reflect their main tasks and laws of development, and emphasize the importance of institutions for the development of society, the state and the economy, in deepening reforms in the management and transformation of state assets. Summarizing all the above-mentioned situations,

based on the current interpretations of the institutional theory, the concept of "institute" can be defined as follows.

An institution is a system of official rules and informal norms that determine mutual relations between members of society. The basis of institutions is the norms of which its component parts are calculated.

The norm is the main element used in the implementation of the individual's choice in the institutional environment. This element: has the task of maintaining order; requires the execution of compulsory actions in the system of mutual cooperation; reflects regularity and regularity based on social, economic, legal sanction in the movement of individuals; determines how a person should behave in different situations.

CONCLUSIONS

1. Institutions have played an important role in all stages of the development of society. They are formal and informal rules consisting of norms that determine the adoption of management decisions in society, the interaction of people and economic participants. Official rules are reflected in the country's Constitution, laws, administrative and other documents. Informal norms, on the other hand, are expressed in the rules that arise through customs, traditions, and other similar ways of life.
3. With the development of the society, the existing institutions and the formal and informal rules that form the basis of them change and improve. Such changes

are determined by social, economic and political conditions.

4. The coordinated operation of institutions has a great impact on the effectiveness of the state system. The activity of institutions in most cases depends on norms. The concept of a norm has the task of maintaining order, which requires mandatory behavior in a system of mutual cooperation. Norms take the form of a cooperation strategy, a rule, and in particular, a norm itself. There are forms of rationality such as complete, incomplete, orderly, based, norm of action.

5. Norms are the main guarantee of the stability of mutual relations of individuals. The basic law (constitution) of the economy refers to the system of norms that ensure the economic activity of individuals. The system of norms of the market economy is a set of mutually conditioned norms of behavior (complex profit-seeking, rational purposeful behavior, non-individualized trust, benevolence, openness) that enable the execution of transactions in the market and the achievement of equilibrium in it.

6. From the point of view of the development of institutions, one of the main functions of the state is the protection of private property rights. Private property is the main driving force behind economic competition and an effective mechanism for creating economic growth and new jobs. From this point of view, it is necessary to evaluate the impact of institutional norms on problematic situations arising in ownership relations as an important factor of

economic development, to protect private property rights and to improve the institutional mechanisms of the state guarantee for the execution of contracts.

7. At the current stage of reforms, it is important to assess the institutional structure of Uzbekistan's economy and its role in creating the necessary conditions (opportunities) for economic growth, and to identify institutional restrictions that have a negative impact on economic development. Taking this into account, it is necessary to analyze institutional factors in the development of large corporate structures (enterprises) and to develop proposals for eliminating institutional restrictions.

8. In competitive conditions, changes in ownership and efficiency of enterprises tend to increase transactions and their costs. Research on this problem has a theoretical classification, and they do not take into account the practical aspects of transaction costs of economic development. From this point of view, it is urgent to improve the ways and institutional mechanisms of optimizing transaction costs in market relations.

9. Forecast options for increasing GDP in Uzbekistan should not be dependent on external conditions, should have an innovation-investment character rather than an inertial character, and should become the main criterion for the effectiveness of the work of relevant state and non-state institutions. Also, economic growth in the basic sectors of the economy, especially in industry and agriculture, should be achieved not at

the expense of expanding the use of resources, but at the expense of qualitatively improved institutional norms and production factors.

10. It is necessary to determine the current state of the institutional environment in Uzbekistan, its structural structure, and the institutional reasons behind economic growth rates that are lagging behind expectations, as well as to evaluate the statistical dependence of GDP growth rates and efficiency of investments aimed at creating new added value by including institutional factors in econometric models. In turn, it is necessary to develop norms for the formation and use of human capital and the development of professional educational institutions as the main factor for the sustainable development of the new privatized system.

REFERENCES

1. Мирзиёев Ш.М. ЯНГИ ЎЗБЕКИСТОН СТРАТЕГИЯСИ. –Тошкент: “O‘zbekiston” нашриёти, 2021 йил. 464 бет.
2. Ўзбекистон Республикаси Президентининг 2022 йил 28 январдаги “2022-2026 йилларга мўлжалланган Янги Ўзбекистоннинг тараққиёт стратегияси тўғрисида”ги ПФ-60-сонли Фармони.
3. Беркинов Б.Б. Институционал иқтисодиёт. Дарслик. 5-нашр, қайта ишланган (лотин алифбосида). –Тошкент: “Инновация-Зиё”, 2022, 288 б.

4. Ходиев Б.Ю., Беркинов Б.Б. Корпоратив бошқарув. Ўқув қўлланма. –Тошкент, 2010 й. – 192 б.
5. Веблен Т. Теория праздного класса. – М.: Прогресс, 1987.
6. On Economic Institutions: Theory and Applications. Aldershot: Edward Elgar, 1995.
7. Ходжсон Джеффри. Экономическая теория и институты: Манифест современной институциональной экономической теории. /Пер. с англ. – М.: Дело, 2003.
8. Норт Д. Институты, институциональные изменения и функционирование экономики. – М.: Фонд экономической книги «Начало», 1997.
9. Ходжсон Дж. Что такое институты? // Вопросы экономики.– 2007. – № 8. – С. 28 – 48.
10. Норт Д. Институциональные изменения: рамки анализа // Вопросы экономики.– 1997 . – №3. – С.7.
11. Экономическая теория в XXI веке – 4 (11): Институты экономики / Под.ред.Ю.М. Осипова, В.С. Сизова, Е.С. Золотовой. –М.: Экономистъ, 2006. – 432 с.
12. Eggertsson T. Neoinstitutional Economics / The New Palgrave Dictionary of Economic and Law. – V.2. – The Macmillan Press Limited: London, 1997. – P. 665- 671.
13. Фуруботн Э.Г., Рихтер Р. Институты и экономическая теория: Достижения новой институциональной экономической теории. – СПб.: Издат. Дом Санкт-Петербургского гос. ун-та, 2005. – 702 с.
14. Кузьминов Я.И., Бендукидзе К.А., Юдкевич М.М. Курс институциональной экономики: институты, сети, транзакционные издержки, контракты. – М.: Изд. дом ГУ ВШЭ, 2006. – 442 с.
15. Одицова М.И. Институциональная экономика. – М.: Изд.дом ГУ ВШЭ, 2008. – 397 с.
16. Ажемўғли, Дарон. Робинсон, Жеймс А. Мамлакатлар таназзули сабаблари: қудрат, фаровонлик ва камбағаллик манбалари/ Дарон Ажемўғли, Жеймс А. Робинсон, инглиз тилидан Сиротуллохон Муҳаммадсолиев таржимаси. Тошкент: “Offset-print” МЧЖ, “Nihol” нашриёти, 2021. 672 бет.