

The Challenge of Theoretically Substantiating Strategies Considering Regional Specifics

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Abstract: The article analyzes theoretical approaches to developing socio-economic development strategies that account for regional specifics. It examines the key challenges of adapting universal strategic models to the conditions of specific territories, which differ in their level of economic development, resource potential, institutional environment, and socio-cultural characteristics. Special attention is paid to the correlation between national priorities and regional interests, strategic planning mechanisms, and the need for a comprehensive consideration of spatial factors. The paper substantiates the importance of a differentiated approach to formulating development strategies, drawing on modern concepts of regional economics and strategic management.

Keywords: Regional specificity; strategic planning; socioeconomic development; regional economy; territorial differentiation; regional competitiveness; spatial development; institutional environment; strategic management.

Introduction: Although the idea that strategic planning is necessary for state regulation of the economy to complement market mechanisms emerged early in Uzbekistan's modern history, there is still no consensus on what this concept means or what it entails. Experts often distinguish between strategic and long-term planning, emphasizing that the former begins with an in-depth analysis of the region's current economic state. Regional strategic planning is a comprehensive process of formulating a vision for the future socioeconomic development of a territory. This process defines key priorities and specific objectives that create

a realistic picture of the region's desired state.

The purpose of this article is not only to identify obstacles to development but also to determine the factors that contribute to economic growth in the regions of Uzbekistan.

The process of market transformations in Uzbekistan has exposed and intensified regional disintegration trends, which are manifested in the growing economic inequality between them (Table 1). It is important to note that the reasons for the formation of such inequality differ in their economic and social aspects.

Table 1

Distribution of GRP by regional groups relative to the national average GRP per capita in 2023

Regional groups by GRP per capita as a percentage of the national average, %	Number of regions in the group	Share of total GRP, %	Average group GRP per capita relative to the average for the Republic of Uzbekistan, %
125 to 150 and above (highly developed)	4	55.1	206.8
75-100 (less prosperous)	3	11.5	83.37
50-75 (underdeveloped)	7	33.4	61.93
Less than 50 (depressed)	0	0	0
Total	14	100	-

Source: compiled by the authors

The fundamental cause of economic imbalance, as N.V. Zubarevich correctly noted, lies in the natural concentration of economic activity in locations most favorable for business, which helps reduce costs. Social development, in contrast, is less subject to market mechanisms and depends largely on the volume and stability of government funding. Consequently, to understand the needs, opportunities, and tools for overcoming territorial disparities, the economic and social development of regions should be analyzed separately. However, given the inseparable link between the economy and society, a comprehensive study is impossible without synthesizing the resulting data while accounting for their interdependence. In this study, based on the generally accepted approach of assessing interregional disproportionality as the degree of disparity in key indicators, we will focus on analyzing the dynamics of the differences between the maximum and minimum values of the most important economic, social, and socioeconomic indicators. An analysis of the data in Table 1 indicates that the problem of uneven economic development in Uzbekistan is quite acute. Although recent years have seen some reduction in regional differentiation for certain indicators, the overall scale of the problem remains significant.

Modern regional economies face a number of challenges that hinder their comprehensive development:

- varying rates and scales of economic growth;
- uneven attraction of domestic and foreign investment;
- a historically established uneven distribution of production and innovation resources;

- uneven distribution of natural resources;
- excessive concentration of financial resources in large cities;
- regions with a labor surplus.

Despite discrepancies in scholarly views on the essence of regional strategic development, the main stages of this process are more standardized. These include:

- Formulating the mission and goals for the region's development.
- Analysis of the external environment.
- Assessment of internal potential.
- Determining ways to leverage existing advantages and create new ones.
- Evaluating and developing alternative strategies.
- Implementing the chosen strategy.
- Monitoring implementation progress and evaluating results.

The general sequence of stages for the strategic management of a region's development is shown in Figure 1.

A key stage in setting goals and choosing strategic directions for a region is a comprehensive analysis of its environment. This analysis should simultaneously cover three levels: macroeconomic, microeconomic (the level of individual enterprises and consumers), and mesoeconomic (regional). The regional economy, as the object of such an analysis, is not isolated but is under the constant influence of economic processes occurring both at the national level and within the region itself, at the level of its municipalities.

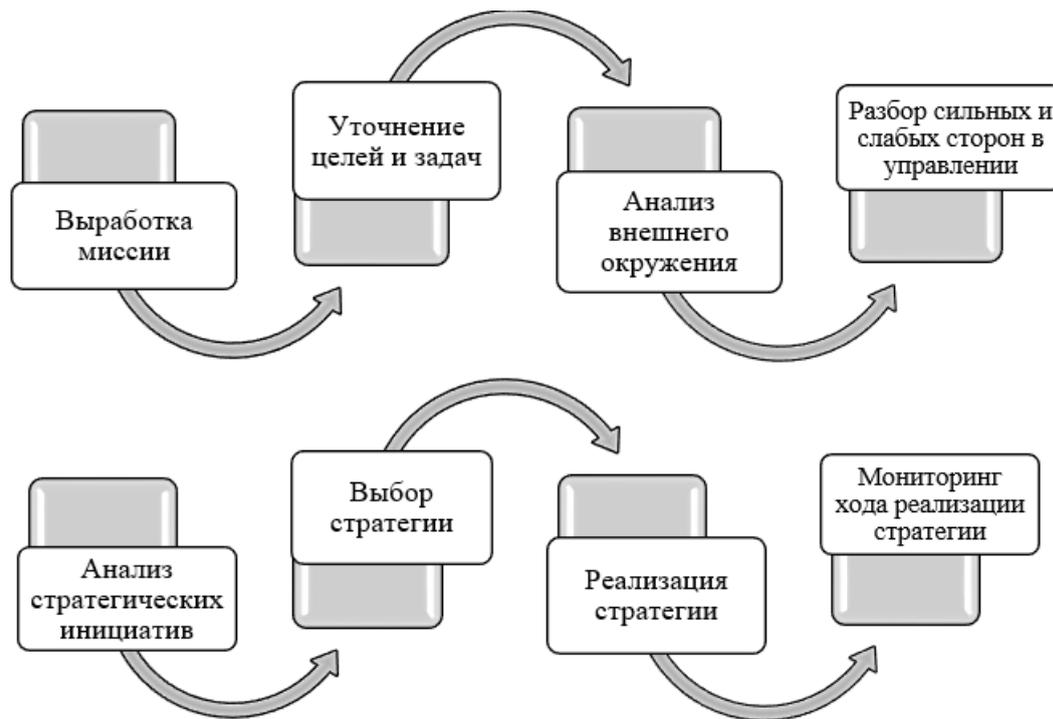


Figure 1. Stages of the strategic management cycle in a region

The influence of the macro- and microenvironment on a regional economy is not a simple reflection, but is refracted through numerous factors, including the type of region (industrial, agrarian, etc.), its stage of economic development, and its overall economic potential. Thus, the economy of any region is, to varying degrees, dependent on broader economic contexts.

The results of strategic planning based on such an analysis are manifested in the successful implementation of decisions, the region's ability to leverage its competitive advantages, the growth potential of its industries, as well as in the dynamics of investment and innovation activity.

When developing regional development strategies, experts consider the unique characteristics of each region, relying on economic indicators and applying specialized analytical tools such as SWOT, PEST analysis (and its variations), and VRIO analysis. Analyzing these indicators over time makes it possible to identify key development trends, accurately assess the region's current socioeconomic situation, and formulate a clear action plan. This plan will maximize the region's strengths and opportunities while mitigating the impact of its weaknesses and potential threats.

Assessing the external environment plays a critical role in defining a strategy with specific quantitative parameters and indicators for future development. This assessment makes it possible to evaluate the feasibility of strategic priorities, goals, and objectives, their alignment with existing and prospective

resources, and to forecast the consequences of implementing alternative development scenarios. It should be noted, however, that despite the widespread application of general economic analysis methods, including within the context of the regional environment, the methodological aspects of conducting such an analysis remain debatable and require more in-depth study, taking into account the diversity of regional economic features and the spatial development trends they generate.

A specific characteristic of the country's regional development, which requires mandatory consideration at all stages of strategic planning and management, is its disproportionality. Regulating spatial disparities in the socio-economic development of regions is an integral element of the strategic management of the Republic of Uzbekistan, aimed at preventing the destabilization of the single economic space, significant crises, and economic losses. Despite extensive research on the processes of uniform and uneven spatial development conducted by both foreign and domestic scholars, this issue remains open for further study.

Jeffrey Williamson proposed a theory that in the initial stages of industrialization, when natural resources are unevenly distributed across a country's territory, economic growth leads to greater disparities between regions. However, as development continues, these regional imbalances gradually diminish thanks to the free movement of labor and capital, fluctuations in wage levels, and government regulation.

Currently, the study and management of spatial

development in countries face additional challenges caused by the exacerbation of long-term systemic problems. These problems stem from both global processes and internal issues, among which the following stand out:

An unstable geopolitical situation: This creates uncertainty and complicates forecasting changes in foreign policy.

Widening disparities in the socio-economic development of regions and quality of life: The gap between regions in these indicators is becoming increasingly significant.

Insufficient infrastructure development: The lack of necessary infrastructure hinders the development of many regions.

Ignoring these challenges exacerbates the imbalance in the socio-economic development of regions and leads to their divergence in key economic indicators, such as gross regional product per capita, fixed capital investment, wholesale and retail trade volumes, and others.

There is another significant characteristic that is rarely considered, yet has a substantial impact on the development of territories: the objective accounting of non-economic aspects of consumer behavior rooted in a people's traditions and mentality. Examples include the organization and hosting of weddings and religious celebrations, which require corresponding infrastructure such as banquet halls (tuykhonas), teahouses (chaikhanas), mosques, and madrasas. The expenses for these events can amount to a household's entire annual budget. Ignoring these factors when formulating development strategies is a mistake, as they play a key role in social reproduction and the population's level of happiness. Consequently, specialized research tools must be created for their proper accounting and evaluation. In our view, a timely and effective approach would be to survey the population about the future development of the territory, taking this specific context into account.

In light of the above, a comprehensive analysis of the social and economic trends that determine the dynamics of a region's socioeconomic space in modern realities is of paramount importance. The results of this analysis will serve as a basis for forming an adequate regulatory policy. In the context of solving these problems, an incremental approach to developing regional strategies appears promising.

Incremental approaches to developing socio-economic strategies for regional development draw upon a wide range of theoretical concepts. Prominent among these are elite theory, group theory, political systems theory,

institutionalism, humanism, as well as theories of sustainable, balanced, and self-development, and rational choice theory. These theories are fundamentally aimed at comprehending the processes of formulating, implementing, and adjusting regional development strategies at various levels. When applied competently, each of these theories is intended to provide a deeper understanding of the process of socio-economic strategizing.

Charles E. Lindblom, one of the key proponents of the incremental approach, believed that decision-makers focus on results already achieved, existing programs, policies, and management tools. These elements serve as a starting point for further, gradual changes - both increases and decreases. Lindblom considered incrementalism a natural strategy for the socio-economic development of pluralistic societies, such as the United States or even Nigeria.

In his work "The Ruling Class," Italian sociologist Gaetano Mosca argued that only one form of government has ever existed in human history: oligarchy. In any society, regardless of its level of development, two classes can be distinguished: a ruling class (a small elite that monopolizes power and enjoys its privileges) and a governed class (a more numerous class, subordinate to the first).

Based on the postulates of elite theory, a region's socio-economic development strategy is viewed as a reflection of the ruling elite's values and preferences. In other words, the elite believes it has the sole right to define and implement a development strategy for the territory, aimed at improving the lives of the population. Thus, the strategy is formed from the "top down," from the elite to the people.

Thomas Dye and Harmon Zeigler briefly formulate the main tenets of elite theory as follows: society is divided into those who have power and those who do not. Power and values in society are concentrated in the hands of a small elite, rather than being distributed among the entire population. This elite, as a rule, is not representative of society as a whole, but consists mainly of individuals from the upper strata.

Social stability requires a controlled and gradual influx of new people into the elite. Access to governing society is open only to those who share the values and interests of the ruling class. A society's development strategy is determined not by the needs of the majority, but by the values of the elite. Policy changes occur evolutionarily, not revolutionarily, thanks to incrementalism (gradual changes). Incrementalism makes it possible to adapt to threats and maintain the stability of the system.

The elite exerts more influence on society than society

does on the elite. Strategy, therefore, is the product of a narrow circle of individuals, reflecting their worldview and serving their interests.

The incremental approach to strategy development takes into account the uncertainty of the future and resource limitations. Gradual changes help to mitigate the risks associated with the unpredictable consequences of decisions. Strategy development is the result of a compromise between various participants in the management process.

Incrementalism is politically convenient, as it facilitates consensus-building and reduces the likelihood of subjective decisions. However, there are also criticisms of this approach:

- 1) it is too conservative and can therefore act as a barrier to the innovations necessary for the effective implementation of a region's socioeconomic development strategy;
- 2) in crisis situations, incrementalism provides neither guiding principles for decision-making nor algorithms for solving the tasks at hand.

In a crisis, the incremental approach offers no clear guidance for decision-making and provides no ready-made algorithms for solving emerging problems.

In emergency situations, incrementalism proves ineffective, as it contains no guidelines for choosing a course of action and offers no specific methods for resolving issues.

- 3) The incremental approach, based on actions from previous periods and existing policy, can hinder the search for or use of other managerial alternatives;

By relying on past experience and current policy, the incremental method can limit the consideration and application of alternative management solutions.

Incrementalism, being based on previous steps and current policy, can impede the search for or implementation of new, more effective management strategies.

- 4) Incrementalism does not eliminate the need to master theoretical approaches when developing a strategy for the socio-economic development of a region. For changes in strategic (managerial) actions to be rational, knowledge and application of certain theoretical approaches are necessary to achieve the maximum effect from the efforts expended.

Even when employing incrementalism, developing an effective strategy for a region's socioeconomic development still requires a deep understanding of theoretical concepts. To ensure that management decisions are well-founded and yield maximum benefits, they must be based on appropriate

theoretical foundations.

The incremental approach does not diminish the importance of theoretical knowledge in formulating a region's socioeconomic development strategy. Ensuring the rationality of strategic and managerial actions, as well as achieving the best results, requires the mastery and application of theoretical concepts.

CONCLUSION

Thus, the research findings indicate that:

- a) when developing Uzbekistan's regional development strategy, it is crucial to take into account the unique characteristics of each region. This approach will ensure comfortable living conditions for citizens in the future and will contribute to the country's accelerated economic growth;
- b) when formulating and implementing targeted programs, it is necessary to carefully analyze and consider existing regional imbalances. This will allow for the rational allocation of national budget funds directed toward achieving the established goals.
- c) Incrementalism as a tool, despite critical assessments in academic discourse, has secured a stable position among the dominant approaches to strategizing. In both domestic and international practice, it is a universally recognized thesis that the strategic development of a region's socioeconomic sphere is a progressive, continuous process, encompassing both the strategy formation and implementation phases.

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