



## Article

# Theoretical and Conceptual Foundations of Raising The Competitiveness of Higher Education Institutions: A Literature Review

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**Abstract:** This paper synthesises the theoretical and conceptual foundations of the problem of raising the competitiveness of higher education institutions (HEIs) through a systematic review of the literature. The aim is to trace the evolution of the concepts of competition and competitiveness from classical economic theory to contemporary institutional approaches, and to establish how thoroughly the competitiveness of higher education institutions has been examined in the foreign and domestic literature. The review groups relevant theories into four strands: classical market theory, human capital theory, competitive advantage theory, and institutional-governance theories. It further examines the legal and institutional context of higher education reform in Uzbekistan and the contribution of domestic scholars to the field. The review shows that most of the existing domestic studies were carried out between 2006 and 2013 and that, under conditions of fundamental economic transformation, a methodology for assessing the competitiveness of regional higher education institutions grounded in graduates' actual labour-market outcomes remains underdeveloped. This gap is established as a relevant direction for subsequent empirical research.

**Citation:** Qudratova, G. M. Theoretical and Conceptual Foundations of Raising The Competitiveness of Higher Education Institutions: A Literature Review. American Journal of Economics and Business Management 2026, 9(9), 588-593.

Received: 15<sup>th</sup> Jul 2026

Revised: 05<sup>th</sup> Aug 2026

Accepted: 20<sup>th</sup> Aug 2026

Published: 18<sup>th</sup> Sept 2026



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**Keywords:** Competitiveness, Higher Education Institution, Human Capital Theory, Competitive Advantage, Institutional Reform, Literature Review

## 1. Introduction

In a knowledge-based economy, the higher education system has become a strategic determinant of a country's innovative capacity. According to UNESCO data, global higher-education enrolment rose from roughly 100 million students in 2000 to about 269 million in 2024, an increase of nearly 2.7 times, representing around 43 per cent of the relevant age cohort. International student mobility has likewise roughly tripled over the past two decades, with more than 7.3 million students now studying outside their home country. These figures point to the growing globalisation of the higher education market and to intensifying international competition for students, academic staff, and financial resources [1].

In New Uzbekistan, the fundamental reform of the higher education system has become one of the most important policy priorities of the past nine years. Whereas the country had 77 higher education institutions in 2017 (70 public and 7 foreign), by 2025 this number had grown to 207 (101 public, 32 foreign, and 74 private); student numbers rose from 280,000 to 1.7 million, a sixfold increase, and higher-education coverage among young people rose from 9 to 44 per cent. Despite this expansion, only seven Uzbek

institutions appeared in the 2025 QS World University Rankings and only four in the THE rankings, which points to a substantial theoretical and practical gap in raising competitiveness at the regional level [2].

The aim of this paper is to synthesise the theoretical and conceptual foundations of HEI competitiveness through a systematic review of the literature, to trace the scholarly evolution of the concepts of competition and competitiveness, and to establish how thoroughly the topic has been studied in the foreign and domestic literature. This is intended to provide a solid theoretical foundation for subsequent empirical research [3].

## **2. Materials and Method**

The study employed a systematic literature review method. Sources were identified using the following keywords: “competitiveness theory”, “higher education institution competitiveness”, “human capital theory”, “competitive advantage in higher education”, and “university competitiveness”. The review drew on foundational works of classical economic thought, contemporary foreign and domestic dissertations, monographs, and journal articles. Sources were selected according to three criteria: (a) direct relevance to competitiveness theory, (b) applicability to the higher education sector, and (c) broad recognition within the scholarly community. Findings were organised through thematic grouping into four strands: classical market theory, human capital theory, competitive advantage and governance theories, and the institutional and legal context.

## **3. Results**

### **Classical Market Theory and The Mechanisms of Competition**

The theoretical foundations of competition and competitiveness were laid by the classical economists. Smith, in his foundational work, showed how the “invisible hand” of free-market competition allocates resources efficiently. Ricardo developed the theory of comparative advantage, demonstrating that competitiveness can be achieved through the mutual specialisation of economic actors — an idea that also helps explain how HEIs can gain a competitive edge through specialisation in narrow research niches. Schumpeter, through the idea of innovation and “creative destruction”, built a dynamic theory of economic development that today underpins the understanding of innovation-driven competitiveness in higher education. Within the theory of market structure, the work of Cournot and Chamberlin, together with the related duopoly models associated with Bertrand, describes different forms of competition — perfect competition, monopolistic competition, and oligopoly — offering a basis for analysing how the structure of the higher education market shapes competition among institutions [4].

### **Human Capital Theory**

Becker developed human capital theory, analysing investment in education from the standpoint of economic efficiency, while Schultz advanced the concept of education as an investment in human capital [5]. Together, these contributions form the theoretical foundation for linking HEI competitiveness to national economic growth: investment in educational quality is treated as an investment that raises a graduate's future earnings, which in turn provides the theoretical basis for assessing institutional quality through graduate outcomes. Mincer's experience-earnings profile model offers a practical measurement tool within human capital theory, formalising the relationship between a graduate's earnings and years of labour-market experience [6].

## **4. Discussion**

### **Competitive Advantage and Institutional-Governance Theories**

Among contemporary approaches, Porter's theory of competitive advantage provides the methodological basis for analysing competitiveness at the national and industry level. Kaplan and Norton's balanced scorecard, which evaluates organisational

performance across financial and non-financial dimensions, has likewise been adopted in studies of university competitiveness. Deming's ideas on continuous quality management laid the groundwork for later thinking on the quality of educational services. In addition, Spence's signalling theory explains how institutional reputation functions as a signal to employers about a graduate's underlying productivity, offering a theoretical account of the link between HEI reputation and graduates' labour-market outcomes. Wang, Zhang, and Rao's 2023 DD-TOPSIS method is now recognised as a contemporary multi-criteria mathematical tool for evaluating university competitiveness [7].

### **The Legal and Institutional Context of Higher Education Reform in Uzbekistan**

In recent years, Uzbekistan has been building a consistent legal framework for the competitiveness-oriented development of its higher education system. In 2025 alone, 53 regulatory instruments concerning the sector were adopted, including 2 laws, 3 presidential decrees, 12 presidential resolutions, 18 Cabinet of Ministers resolutions, and 18 departmental acts. Presidential Resolution PQ-61 of 24 December 2021, "On measures to grant financial independence to state higher education institutions", expanded the governance and financial autonomy of universities, while Presidential Decree PF-81 of 24 May 2024 improved the system of admissions and state-commissioned enrolment places. In addition, a law of 11 November 2025 ratified the Global Convention on the Recognition of Qualifications concerning Higher Education (Paris, 2019), creating a legal basis for the integration of the national higher education system into the international arena. These institutional changes are closely connected to the theoretical approaches discussed above — particularly institutional autonomy and governance theory — and serve to strengthen HEIs' capacity to operate within a competitive environment [8].

### **The state of the Field: Contributions from Domestic Scholarship**

The economics of higher education and questions of competitiveness in Uzbekistan have received considerable attention in the work of Abdurahmonov, Pardaev, Rajabov, Toshnazarov, Islomov, and Adizov, whose studies have developed evidence-based approaches to the quality of educational services, the link to the labour market, and the efficiency and innovative capacity of HEIs. Among researchers who have examined narrower aspects of HEI competitiveness directly, several contributions stand out: Khodjayev analysed the role of regional factors in raising HEI competitiveness; Zokhidova examined ways to improve the functioning mechanism of the higher education services market; Kuziev studied ways to raise the efficiency of services and entrepreneurial activity within HEIs; Danilova developed a methodology for assessing university competitiveness; Khayrets examined intellectual marketing as a tool for raising university competitiveness; Goryunova studied the improvement of educational service quality in regional universities through innovation strategies; and Kushel examined the organisational and economic mechanism for shaping university competitiveness strategies [9].

### **Identifying the Gap**

The foreign and domestic studies reviewed above constitute an important scholarly and methodological foundation for studying HEI competitiveness. Most of this work, however, was carried out between 2006 and 2013 and is pitched at the level of an individual university or the national system as a whole; under conditions of fundamental economic transformation, a methodology for the comprehensive assessment of HEI competitiveness at the regional level — in particular, assessment methods grounded in graduates' actual labour-market earnings — remains insufficiently developed. This constitutes a relevant scholarly gap, identified through the present theoretical review, for subsequent empirical research [10].

### **Synthesis: Interpreting the Findings in Relation to the Research Objectives**

Read together, the four theoretical strands identified above do not simply sit side by side; they answer the paper's stated aim by operating at different, complementary levels of analysis. Classical market theory supplies a macro-level account of why competition arises and how it allocates resources across a market of providers, and it is this layer that explains the intensifying international competition for students and staff noted in the introduction. Human capital theory shifts the unit of analysis to the individual graduate, providing the micro-foundations that connect an institution's educational quality to the private and social returns generated by its output — the graduate. Competitive-advantage and governance theories operate at the meso level of the organisation itself, explaining how an individual HEI can translate market position and internal quality management into a durable advantage, while signalling theory provides the mechanism that links the two previous levels by explaining how labour markets infer graduate productivity from institutional reputation in the absence of complete information [11]. Institutional and legal-governance theory, illustrated empirically by Uzbekistan's reform programme forms the macro-institutional layer within which the other three levels function in practice. Interpreted this way, the review's first objective — tracing the evolution of competition and competitiveness from classical economic theory to contemporary institutional approaches — is met by showing that the concept has not been replaced across this evolution so much as layered: later theories add levels of analysis rather than discarding earlier ones [12]. The review's second objective — establishing how thoroughly HEI competitiveness has been studied in the foreign and domestic literature — is met by the observation that foreign literature has progressively populated all four levels, including the individual-outcomes layer through Mincer's earnings-experience model, whereas the domestic literature surveyed remains concentrated at the institutional and national-system levels and has not yet been extended to the individual, labour-market-outcomes layer at the regional scale. This asymmetry is precisely the gap the review identifies, and it follows directly, rather than being asserted separately, from the multi-level reading of the four theoretical strands [13].

### **Comparison with Previous and Related Studies**

Positioning these findings against the studies reviewed sharpens the nature of the identified gap. The domestic dissertations of Khodjayev, Zokhidova, Kuziev, Khayrets, Goryunova, and Kushel share two features that distinguish them from the direction proposed here: first, most were completed in the 2006–2013 period, before the current wave of Uzbek higher-education reform and before institutions such as PQ-61 and PF-81 had reshaped the sector's incentive structure; second, methodologically they largely follow a qualitative, institution- or mechanism-descriptive tradition inherited from earlier regional scholarship, exemplified by Danilova's methodology for assessing university competitiveness, which evaluates competitiveness through institutional and market indicators rather than through the labour-market destinations of individual graduates [14]. This stands in contrast to more recent international work such as Wang, Zhang, and Rao's 2023 DD-TOPSIS approach, which applies a multi-criteria mathematical model to university competitiveness and illustrates how far the methodological frontier has moved toward quantitative, outcome-oriented assessment since the domestic studies were completed. The comparison therefore reveals not only a thematic gap — the absence of graduate-earnings-based assessment at the regional level — but also a methodological lag of roughly a decade between the domestic tradition and the quantitative techniques now available internationally. At the same time, the broader contributions of Abdurahmonov, Pardaev, Rajabov, Toshnazarov, Islomov, and Adizov show that domestic scholarship has continued to engage productively with the economics of higher education and its labour-market linkages in general terms; what is missing is not attention to the labour market as such, but its operationalisation as a regional competitiveness metric using individual graduate earnings data, in the manner that Mincer's model makes possible in principle but

that, to date, no reviewed domestic or foreign study has applied specifically to HEI competitiveness assessment at the regional level [15].

### **Theoretical Implications**

The review's central theoretical implication is that HEI competitiveness is best modelled as a multi-level construct rather than as a property that can be captured by any single theory. This reframes competitive-advantage and balanced-scorecard approaches which are typically applied at the level of an individual institution, as necessarily incomplete unless they are anchored to the human-capital and signalling mechanisms that determine what the market ultimately rewards — graduate outcomes. For transition and emerging-market contexts such as Uzbekistan's, the review further implies that institutional-governance theory cannot be treated as a fixed background condition, since reforms such as financial autonomy under PQ-61 actively change the incentive environment in which competitive-advantage strategies operate; competitiveness theory applied to such contexts therefore needs to treat legal-institutional change as an explanatory variable rather than as context alone. Finally, the review suggests a theoretical extension of Mincer's earnings-experience framework and Spence's signalling model from the level of the individual labour-market participant to the level of the regional HEI, in which an institution's aggregate graduate-earnings profile becomes the theoretical unit through which its competitiveness can be assessed — an extension that has not yet been made explicit in either the foreign or the domestic literature reviewed.

### **Practical Implications**

For policymakers, the review indicates that the legal and financial autonomy already granted under PQ-61 and the admissions reforms under PF-81 create the institutional preconditions for a regional HEI competitiveness monitoring framework, but that such a framework still requires a metric grounded in graduate labour-market earnings if it is to move beyond input- and enrolment-based indicators. Ratification of the Global Convention on the Recognition of Qualifications similarly creates an opportunity to benchmark regional institutions against comparable international qualifications data once such a metric exists. For university management, the review suggests that instruments already validated abroad — the balanced scorecard for internal performance management and signalling-theory-informed reputation strategies — can be adapted immediately, ahead of the development of a full regional assessment methodology, to communicate institutional quality credibly to prospective students, employers, and accreditation bodies. For the research community, the review's practical contribution is to specify precisely what the subsequent empirical study needs to collect: longitudinal, individual-level graduate earnings and employment data at the regional level, structured so that they can be linked back to institutional characteristics using an approach informed by Mincer's model and, where appropriate, multi-criteria techniques such as DD-TOPSIS.

## **5. Conclusion**

The literature review shows that the problem of HEI competitiveness can be examined through several complementary theoretical lenses — classical market theory, human capital theory, competitive advantage theory, and institutional-governance theory. Each of these illuminates a different facet of HEI competitiveness — the mechanics of competition, the economic returns to investment in education, strategic positioning, and institutional governance — and, as the synthesis above shows, they combine into a layered, multi-level theoretical architecture rather than a set of competing explanations.

The review further shows that, while Uzbekistan is building a consistent legal and institutional basis for higher education reform a methodology for assessing regional HEI competitiveness grounded in graduate outcomes remains underdeveloped in both the domestic and the foreign scholarly literature. Comparison with previous studies indicates that this gap is both thematic and methodological, since the available domestic assessment

tradition predates recent quantitative approaches such as DD-TOPSIS. This identified theoretical and methodological gap provides a relevant direction for subsequent empirical research, particularly studies aimed at developing assessment methods based on the actual labour-market outcomes of graduates from regional higher education institutions, with the theoretical and practical implications set out above serving as a starting point for that research agenda.

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