A COMPARATIVE ANALYSIS OF EQUILIBRIUM MECHANISMS AND COMPETITIVE STRATEGIES IN OLIGOPOLISTIC AND MONOPOLISTICALLY COMPETITIVE MARKETS

Rayhongul Shermetova
4th-year Student, Department of Geography, Navoi State University

Abstract. This article provides information about the concepts of Oligopoly and Monopoly, including how they are formed, their position in the market, their interrelationships, market competition, and various situations and circumstances.
Keywords: Oligopoly, Differentiation, Bekobod, Quvasoy, Ohangaron, Monopoly, Monopolistic Competition.

Introduction. In economic systems, market mechanisms encompass a wide spectrum, from perfect competition to pure monopoly. At the ends of this spectrum, and particularly in the realm of "imperfect competition," lie two primary models: **Monopoly** and **Oligopoly**. A monopoly is the absolute dominance of a single seller in a market, while an oligopoly is a structure where a few large firms, through their interdependent actions, exert a defining influence on the entire market's condition. This article is dedicated to examining the essence of these two concepts, their formative factors, their pricing strategies, and their consequences for consumers. In the course of the analysis, examples from specific industrial sectors in the Republic of Uzbekistan will be cited alongside international cases.

The term "Oligopoly" comes from the Greek words "oligos" (few) and "poleo" (to sell), signifying a market with few sellers. An oligopoly is a market structure where only a few (typically 2-10) large firms dominate, each of which has a significant influence on market conditions and the actions of one another. This situation represents the dominance of a few large producers or sellers in setting prices and production volumes within the industry.

Examples of oligopolistic industries include the automobile industry, steel, aluminum, electrical equipment, and computer networks in developed countries. In these sectors, the total volume of products produced is accounted for by a few firms. For instance, the lead industry in the United States is an oligopoly, where only three firms have the capacity to dominate the entire national market. An oligopoly can also be seen in an average city's petroleum products market, where 10 or 15 gas stations might control half the market.

An oligopoly can involve homogeneous (identical) or differentiated products. This means that in an oligopolistic industry, either standardized or differentiated products can be produced. Many industrial products, such as lead, zinc, steel, copper, cement, and technical alcohol, are physically standardized products produced under oligopolistic conditions. On the other hand, many consumer goods, such as automobiles, tires, detergents, cigarettes, household items, electrical appliances, and many food-producing sectors, are examples of differentiated oligopoly. In Uzbekistan, examples of oligopolist producers include cement plants (mainly located in Bekobod, Quvasoy, Ohangaron, and Navoiy) and coal enterprises (located in Angren city, and the Sariosiyo (Sharg'un) and Boysun (To'da) districts of the Surxondaryo region).

One of the main features of an oligopolistic market is that a change in any one firm's activity will inevitably affect other firms producing similar goods. To avoid failing in the competition, the second firm must make some change in response to the first firm's action. This change can manifest in price, sales volume, market share, investment and innovation activities, cost reduction strategies, or improving after-sales service. For example, if a firm reduces the price of its product by 10% to stimulate demand, it can significantly increase its sales volume, primarily at the expense of its competitors. This interdependence among smaller firms or companies is a key factor.

For instance, imagine three different car companies, A, B, and C, each holding one-third of the market for their product. If company A lowers its product price, its market share will increase. However, a 15% price reduction by company A will have a direct, greater, and adverse effect on companies B and C. Therefore, if B and C react to A's move, they might also lower their product prices by 15% or 10% to match company A, thereby initiating a price war. In that case, while all car companies might sell more cars, their profits will decrease due to the lower prices. Therefore, in an oligopolistic industry, no firm changes its pricing policy without considering the potential reactions of its competitors. For an oligopolist, the most crucial factors in setting prices are costs, demand for the product, and, importantly, the competitors' reactions. Competition and decision-making are dynamic processes.

In this context, firms must strategically choose their actions by anticipating the moves and reactions of their rivals. It should be noted that scarcity and the resulting actions when changing pricing policy, coupled with the necessity of weighing the firm's capabilities in response, are a unique feature of oligopolistic policy. Indeed, the most fitting definition for the existence of oligopoly is as follows: A sufficient level of production efficiency can only be achieved when the number of producers is small. In other words, efficiency requires that each firm's production capacity capture a significant portion of the total market. The need for individual firms to achieve a large scale of efficiency can lead to simultaneous crises or mergers, which in turn reduces competition and the number of producers.

To theoretically determine the price and production volume that maximizes its profit, a firm must be able to predict its competitors' responses. If a firm cannot do this, the conflicting demands and eventual distribution of income in an oligopoly become impossible to manage. Thus, the general interdependence makes the situation even more complex. Nevertheless, oligopolistic price formation has two interrelated aspects:

1. **Price Rigidity:** Oligopolistic prices tend to be rigid, meaning they change less frequently than under conditions of pure and monopolistic competition.

2. **Coordinated Price Changes:** When an oligopolistic price does change, all firms tend to change their prices together.

This behavior of oligopolists encourages collusion in setting and changing prices.

Monopoly is a market structure where there is only one seller for a particular product or service. It is a market with one seller and many buyers. Therefore, it is difficult or impossible for other producers or sellers to enter such a market. Monopoly means dominance in the market. A true monopolist has no direct competitors. Since the monopolist is the sole producer and supplier of the good to the consumer, the price of its product (or service) is determined by the market demand curve.

For example, producers of diamonds or the "Polaroid" camera, or those who own most of the cable television channels in a certain area, a single grocery store in a remote small town, or providers of telephone communication services in local areas of large cities, electricity suppliers, etc., can achieve market dominance and monopoly power by selling fewer of their products or providing less service, thereby raising the market price.

Product Differentiation means offering consumers a variety of similar products in terms of type, brand, and quality. An established company tries to prevent competitors from reaching it in terms of profit, product quality, and product range expansion through advertising, effective distribution, and increasing production volume. Of course, improving the product and advertising increases the firm's costs. However, the demand for its product also increases. As a result, the firm can improve its position in terms of profit.

Conclusion. Under conditions of monopolistic competition, the market mechanism proves to be inefficient. The reasons for this are:

1. **Higher Prices:** Unlike the price in a purely competitive market, the equilibrium price in a monopoly market exceeds the marginal cost. This means the price consumers pay for an additional unit of a product is higher than the cost to produce it.

2. **Underutilization of Capacity:** Firms in a monopolistically competitive market do not fully utilize their production capacities, leaving reserves of capacity unused. Consequently, the volume of product output is lower than what is possible. The firm tries to compensate for the losses (waste) resulting from not using its full capacity by raising the product price, all of which are considered costs of monopolistic competition.

The existence of such reserve capacity is inefficient. To bring this reserve capacity into use, the number of firms in the industry needs to be reduced. Therefore, on December 27, 1996, the Law of the Republic of Uzbekistan "On Competition and Limitation of Monopolistic Activity in Commodity Markets" was adopted and put into effect by a resolution of the Supreme Assembly.

REFERENCES:

1. Elov, O. K. (2023). Human Resource Information Systems Developing Of Organization. Экономика и социум, (6-1 (109)), 121-124.

2. Elov, O., & Kuvandikova, B. (2025). INTERNATİONAL MODELS OF MANAGEMENT: BY NAVOIY REGION. Академические исследования в современной науке, 4(32), 141-146.
3. Elov, O., Niyatova, I., & Toshtemirova, M. (2025). FACTORS OF MANAGING AND RESOLVING CONFLICTS: THE CASE OF NAVOI REGION. Академические исследования в современной науке, 4(31), 123-128.
4. Elov, O. (2025). REGISTRATION OF PRIVATE ENTREPRENEURSHIP: IN THE CONTEXT OF NAVOIY REGION. Академические исследования в современной науке, 4(30), 100-108.
5. Elov, O., & Xidirova, S. (2025). COMPARATIVE MANAGEMENT MODELS. Академические исследования в современной науке, 4(30), 95-99.
6. Elov, O., & Baxtiyorova, G. (2025). THE ROLE OF ENTREPRENEURSHIP IN THE ECONOMY: THE CASE OF NAVOI REGION. Академические исследования в современной науке, 4(30), 90-94.
7. Elov, O., & Hasanova, E. (2025). THE ROLE OF TAXES IN ECONOMIC MANAGEMENT AND THEIR PRACTICAL ASPECTS IN THE NAVOI REGION. Академические исследования в современной науке, 4(29), 162-166.
8. Komilovich, E. O., & Buriboyeva, S. (2025). THE PURPOSE AND TASKS OF DEVELOPING SMALL BUSINESS AND ENTREPRENEURIAL ACTIVITIES: THE CASE OF NAVOIY REGION. Modern American Journal of Business, Economics, and Entrepreneurship, 1(2), 291-299.
9. Elov, O., & Bobojonov, D. (2025). STRATEGIES FOR IMPROVING QUALITY IN THE EDUCATIONAL PROCESS. Академические исследования в современной науке, 4(2), 47-51.
10. Elov, O., & Yoqubova, S. (2025). THE PRACTICE OF FORMATIVE ASSESSMENT IN UZBEKISTAN AND INTERNATIONAL EXPERIENCE. Академические исследования в современной науке, 4(2), 15-20.
11. Elov, O., & Sodiqova, O. (2025). ELECTRONIC SYSTEM FOR MONITORING AND EVALUATING EDUCATION QUALITY. Академические исследования в современной науке, 4(2), 38-42.
12. Elov, O., & Ibragimova, I. (2025). QUALITY ASSESSMENT AND MONITORING SYSTEMS. Современные подходы и новые исследования в современной науке, 4(1), 48-53.
13. Elov, O., & Qudratova, S. (2025). ASSESSMENT AND ANALYSIS OF TEACHING QUALITY. Академические исследования в современной науке, 4(1), 137-141.
14. Elov, O., & Baxtiyorova, G. (2025). MODERN ASSESSMENT METHODS. Академические исследования в современной науке, 4(1), 165-170.
15. Latipov N. Shaharlar va ularning ekologik muhit bilan bog'liqligi. Scienceweb academic papers collection. 2022.
16. Латипов, Н. Ф. (2017). Locality and factors affecting the population. Наука и мир, 1(11), 74-75.

17. Komilova, N. K., & Latipov, N. F. (2022). FACTORS AFFECTING THE ECOLOGICAL STATUS OF INDUSTRIALIZED CITIES AND MEASURES TO MONITOR THEM (ON THE EXAMPLE OF NAVOI REGION). Экономика и социум, (2-2 (93)), 199-206.
18. Latipov, N. (2022). УРБОЭКОЛОГИЯ-ГЕОГРАФИЯ ВА ЭКОЛОГИЯНИНГ ФАНЛАРАРО СИНТЕЗИ. Scienceweb academic papers collection.
19. Latipov, N. (2022). НАВОИЙ ВИЛОЯТИ МАЪМУРИЙ БИРЛИКЛАРИ ЭКОЛОГИК ҲОЛАТИ ТАСНИФИ ВА АҲОЛИ САЛОМАТЛИГИГА ТАЪСИР ЭТУВЧИ ОМИЛЛАР. Scienceweb academic papers collection.
20. Kalonov, B. H., & Latipov, N. F. (2013). Geographical peculiarities of population in Navoi region. SCIENCE AND WORLD, 79.
21. Latipov, N. (2022). НАВОИЙ ВИЛОЯТИДА АХ. ОЛИ САЛОМАТЛИГИГА ЭКОЛОГИЯНИНГ ТАЪСИРИ.
22. Latipov, N. F. (2024). THE PROCESS OF URBANIZATION AND ITS CORRELATION WITH THE ECOLOGICAL CIRCUMSTANCE. Science and innovation, 3(Special Issue 4), 343-352.
23. LATIPOV, N. (2024). THE ESTABLISHMENT AND STRUCTURE OF THE CITIES OF THE NAVOI REGION. News of the NUUz, 3(3.1. 1), 237-240.
24. Латипов, Н. Ф. (2018). International migration tours and works. Наука и мир, (8), 108-110.
25. KOMILOVA, N., & LATIPOV, N. ЭКОНОМИКА И СОЦИУМ. ЭКОНОМИКА, 161-165.
26. Latipov, N. F. (2025). THE SOCIO-GEOGRAPHICAL FACTORS INFLUENCING ENVIRONMENTAL CONDITIONS AND PUBLIC HEALTH IN INDUSTRIALISED CITIES. Экономика и социум, (6-2 (133)), 472-475.
27. Faxriddin o'g'li, L. N. (2023). ASSESSMENT OF WATER QUALITY AND HEALTH PROBLEMS IN NAVOI PROVINCE CITIES. NEW INTEGRATIONS OF MODERN EDUCATION IN UNIVERSITIES, 87.
28. Latipov, N. F. (2023). ANALYSIS OF PUBLIC HEALTH AS THE MOST IMPORTANT FACTOR AFFECTING URBAN ENVIRONMENTAL QUALITY.(IN THE CASE OF THE NAVOI REGION). Экономика и социум, (11 (114)-2), 202-208.
29. Faxriddin O'g'li, L. N. (2022, November). INDICATORS OF URBAN ENVIRONMENT ASSESSMENT AND CRITERIA FOR THEIR SELECTION. In The 7th International scientific and practical conference "Innovative areas of solving problems of science and practice"(November 08–11, 2022) Oslo, Norway. International Science Group. 2022. 700 p. (p. 153).
30. Karshiboevna, K. N., & Faxriddin, L. N. (2022). Mini-review article Factors affecting the ecological status of industrialized cities and measures to monitor them. nutrition, 5, 0.