

## THE LEVEL OF INFORMATION DISCLOSURE IN MARKETS AND ITS CHALLENGES: A SCIENTIFIC-THEORETICAL AND INSTITUTIONAL ANALYSIS

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**Abstract:** *This scientific article examines the level of information disclosure in markets and its associated challenges on the basis of contemporary economic theory and practical experience. Information disclosure is interpreted as a key determinant of the effective functioning of market mechanisms, the fair formation of prices, investor confidence, and the optimal allocation of capital flows. The paper provides a logically structured analysis of the economic essence of information disclosure, its impact on market efficiency, its principal challenges, the experience of developed and developing countries, as well as the most relevant aspects in the context of Uzbekistan. The study demonstrates that enhancing transparency is not limited to increasing the volume of information, but is closely linked to the development of reliable institutions, digital infrastructure, independent auditing, and a high level of financial literacy.*

**Keywords:** *information disclosure, market transparency, information asymmetry, capital market, disclosure, investor, corporate governance, institutional economics.*

### INTRODUCTION

In the context of a modern market economy, information constitutes one of the most crucial resources for economic decision-making. Market participants-including producers, consumers, investors, financial intermediaries, government authorities, and other stakeholders-plan their activities, assess risks, and protect their economic interests based on available information. Therefore, the openness, reliability, completeness, and timeliness of information emerge as fundamental conditions for the effective functioning of market mechanisms. When market participants have equal and fair access to relevant information, prices more accurately reflect real economic conditions, investment decisions become well-founded, resources are allocated efficiently, and a healthy competitive environment is formed. Conversely, the concealment, delay, incompleteness, or manipulation of information exacerbates market imbalances, undermines investor confidence, and negatively affects economic efficiency.

Market information disclosure refers to the provision of essential data-such as the activities of economic entities, financial performance, price dynamics, risks, contractual obligations, corporate decisions, ownership structures, regulatory measures, and market infrastructure-in an open, comprehensible, and reliable manner to the general public and interested parties. This concept is not limited to the mere publication of information. It also encompasses the quality of data, its usability for analysis, comparability, verification through independent auditing, and equal accessibility for all market participants. In this regard, information disclosure serves as a key indicator of economic governance, corporate accountability, and institutional trust.

For a long time, traditional market theory was dominated by the assumption that all participants possess complete information, make rational decisions, and that prices

instantly reflect all available data. However, real economic processes have demonstrated the conditional nature of these assumptions. In practice, different actors do not have equal access to information: certain producers may know more about product quality than consumers; issuing companies have deeper insights into their financial condition than external investors; and large institutional investors possess broader analytical resources, technological tools, and professional expertise compared to smaller investors. Such imbalances are explained in economic literature as information asymmetry.

This topic has a well-established theoretical foundation in foreign economic thought. George Akerlof, in his renowned study "The Market for Lemons," demonstrated that information asymmetry can reduce market quality and lead to a situation in which low-quality goods crowd out high-quality ones. This approach shows that in the absence of reliable information exchange among market participants, the natural relationship between price and quality becomes distorted. Michael Spence, through signaling theory, explained that the better-informed party conveys information about its reliability or quality to other market participants through specific signals. In capital markets, such signals may include independent audit opinions, stable dividend policies, financial reports prepared in accordance with international standards, or high corporate governance ratings. Joseph Stiglitz, in turn, justified through the screening approach that the less-informed party seeks to uncover hidden information using various verification, analytical, and evaluation methods. These theories provide a basis for understanding information disclosure as a key institutional condition for market efficiency.

The scientific significance of information disclosure is also closely related to the Efficient Market Hypothesis proposed by Eugene Fama. According to this hypothesis, the prices of financial assets should reflect all available information. However, this condition holds only when information is sufficiently open, timely, and reliable for all participants. If important information is concentrated in the hands of certain groups or disclosed with delay, prices cannot fully reflect real economic value. As a result, the risks of speculative activities, mispricing, investment errors, and financial instability increase.

Market transparency is particularly important in capital markets and securities trading. This is because when an investor purchases a stock, bond, or other financial instrument, the evaluation is based not only on its current price but also on its potential to generate future returns. Such evaluation relies on information about the company's financial statements, audit reports, strategic plans, level of indebtedness, dividend policy, quality of corporate governance, market reputation, and macroeconomic conditions. If this information is insufficient or unreliable, investors cannot accurately assess risk. Under such circumstances, the cost of capital increases, investment activity declines, and market liquidity weakens.

Research by Paul Healy and Krishna Palepu demonstrates that corporate disclosure—the practice of revealing financial and non-financial information—has a direct impact on capital market efficiency. According to their findings, high-quality disclosure strengthens trust between investors and companies, reduces the cost of raising capital, and enhances market liquidity. Thus, transparency is not merely a monitoring tool, but a crucial factor in ensuring economic development and financial stability.

A representative of institutional economics, Douglass North emphasized that both formal and informal institutions are essential for the efficient functioning of markets. According to his approach, institutions define the “rules of the game” governing interactions among economic agents. Information disclosure reflects the extent to which these rules operate effectively in practice. Even if legal frameworks exist, market institutions remain largely formal in nature when companies fail to disclose information fully, audit opinions lack credibility, or investor rights are insufficiently protected. Therefore, information disclosure should be examined in close connection with legal norms, corporate culture, regulatory oversight systems, and digital infrastructure.

In the context of Uzbekistan, this issue has gained even greater relevance. In recent years, the country has undertaken significant measures aimed at deepening market reforms, transforming state-owned enterprises, developing capital markets, accelerating privatization processes, attracting foreign investment, and expanding open data systems. Under such conditions, the transparency of economic entities’ activities, the compliance of financial reporting with international standards, and the openness of information from both public authorities and the corporate sector are becoming key determinants of the investment climate.

Uzbek economists also recognize information transparency as a critical factor in the development of market infrastructure, the improvement of corporate governance, the enhancement of the investment environment, and the deepening of financial markets. In particular, local studies emphasize that the development of capital markets is determined not only by the number of financial instruments or the volume of trading, but also by the reliability of information disclosed by issuers, the protection of investor rights, and the effectiveness of regulatory oversight. These perspectives are consistent with international scholarly approaches and highlight the necessity of treating transparency in Uzbekistan’s markets as an integral component of institutional reforms.

At the same time, a number of challenges persist in increasing the level of information disclosure in markets. These include the formal nature of reporting practices in some enterprises, the presentation of information in overly complex formats, the lack of accessible analytical materials for small investors, the limited presence of independent rating and analytical institutions, delays in the publication of information, and the insufficient development of a culture of using digital platforms. Such issues contribute to the intensification of information asymmetry in markets and negatively affect the quality of economic decision-making.

The relevance of this study lies in the fact that information disclosure is analyzed not merely as an organizational or technical element of a market economy, but as a strategic institution that determines its stability, fairness, and efficiency. The main objective of the article is to reveal the theoretical essence of the level of information disclosure in markets, to provide a logical analysis of its economic significance based on the views of foreign and Uzbek scholars, and to scientifically substantiate the impact of existing challenges on market efficiency. Achieving this objective makes it possible to formulate scientific conclusions aimed at strengthening information disclosure, enhancing investor confidence,

improving market infrastructure, and ensuring the efficient allocation of economic resources.

In economic terms, information disclosure refers to the timely, accurate, complete, and comprehensible publication of essential data concerning the activities of market participants. This process is carried out through corporate reports, audit opinions, statistical data, price indicators, state registries, tender results, credit ratings, and mass communication channels. Such information enables market participants to assess future risks and returns.

According to the Efficient Market Hypothesis proposed by Eugene Fama, the prices of securities rapidly reflect available information. However, in practice, the limited or uneven dissemination of information weakens this mechanism. Prices deviate from their real value, speculative activities increase, and distrust among investors intensifies. Thus, information disclosure represents a fundamental institutional condition for the price formation process.

One of the primary outcomes of market transparency is the reduction in the cost of capital. When investors have access to reliable and comprehensive information, the level of uncertainty decreases. Consequently, the risk premium declines, allowing companies to access cheaper sources of financing. Studies by Paul Healy and Krishna Palepu show that companies with higher-quality disclosure tend to have lower capital costs and a broader investor base.

International experience indicates that market transparency is built upon three key pillars: strong legal frameworks, independent institutions, and a well-developed business culture. In the United States, the U.S. Securities and Exchange Commission strictly enforces disclosure requirements. In the United Kingdom, corporate governance codes are closely linked to the principle of transparency. In Germany, corporate accountability is strengthened through a stakeholder-oriented model. In Japan, long-term reputational capital serves as a key driver encouraging transparency.

In the context of Uzbekistan, recent years have witnessed notable progress in the implementation of open data portals, electronic public procurement systems, capital market reforms, the adoption of International Financial Reporting Standards (IFRS), and the introduction of corporate governance mechanisms. However, a number of pressing challenges remain, including the low level of disclosure activity among certain issuers, the limited presence of independent analytical institutions, insufficient levels of financial literacy, and the lack of effective mechanisms for communicating information in a clear and accessible manner.

The logical conclusion is that information disclosure does not emerge spontaneously. Its effective implementation requires the coordinated functioning of mandatory disclosure standards, digital platforms, open data policies, independent auditing, a strong regulatory framework, investor protection systems, and the ethical responsibility of market participants. Therefore, transparency is not merely an outcome of a market economy, but rather a fundamental condition for its development.

**CONCLUSION.** The level of information disclosure in markets is one of the key indicators of economic efficiency, investment attractiveness, and institutional trust. A low level of transparency leads to information asymmetry, market manipulation, distortion of

price signals, an increase in the cost of capital, and a decline in investment activity. Both international and domestic scholarly approaches demonstrate that addressing this issue requires more than simply improving information policies. It necessitates the development of independent auditing, robust regulatory oversight, advanced digital infrastructure, effective investor protection mechanisms, and the enhancement of financial literacy.

Thus, ensuring market transparency is not only a technical task, but also a strategic priority for strengthening the competitiveness of the national economy and achieving its long-term sustainable development.

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