

Issues of Small Business Localization Development at The Local Management

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Abstract: In this article describes the role of localization of production in economic development and provides some comments and suggestions. In the implementation of import-substituting projects, of course, the level of development of industries in the economy, the availability of raw materials in the region, the dependence of industrial sectors on imported goods and their volume, as well as the constant demand for production for industries, the availability of necessary infrastructure and it would be useful to study the extent to which demand for an import-substituting product may be present in sectors of the economy as a whole.

Keywords: Production, investments, localization of production, localization programs, regional enterprises, industrial cooperation.

I. INTRODUCTION

Local production programs are very important for Uzbekistan. Much attention is paid to the production of import-substituting, export-oriented products to ensure sustainable development of the economies of developing countries, to prevent the one-sided development of the economy, to build industries and not to become completely dependent on foreign products.

In Uzbekistan, the production of import-substituting and export-oriented products and the implementation of such projects, especially in our regions, are among the priorities.

According to preliminary results of 2021, according to preliminary estimates, local enterprises in Namangan region have implemented about 66 import-substituting investment projects worth 668.9 billion soums. UZS.[11]

Since gaining independence, Uzbekistan has been consistently carrying out radical structural changes in the economy, forming an export-oriented economy based on the production of ready-made and competitive products from a weak, monopolistic cotton monopoly and the production of semi-finished products. .

Increasing the production of products that are in high demand in the domestic and foreign markets, reducing imports, increasing exports and thereby developing the economy is one of the most important issues facing the state.

II. ANALYSIS AND RESULTS

In the implementation of import-substituting projects, of course, the level of development of industries in the economy, the availability of raw materials in the region, the dependence of industrial sectors on imported goods and their volume, as well as the constant demand for production for industries, the availability of necessary infrastructure and it would be useful to study the extent to which demand for an import-substituting product may be present in sectors of the economy as a whole. If the product is exported, it will be determined whether there is a demand for it in foreign markets, and on this basis, a localization project will be implemented.

In addition to studying the domestic and foreign markets, the ability to properly and perfectly organize the production process is important in the implementation of import-substituting projects.

This requires the proper organization of processing of raw materials and obtaining the necessary primary and secondary products, their processing, application of the necessary technology and knowledge, the involvement of qualified specialists. In addition, the correct organization of the production process and knowledge of the conditions of work with the market - all this is a culture of production. Getting it right is a top priority.[6]

So it's important that everything fits together. This means that one stage does not have to be interrupted by another.

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By industrial cooperation we mean the interaction of different manufacturing enterprises within the product creation chain within the industry and their cooperation in the production of the final product.

An industry for local businesses that supply the highest quality and most competitive raw materials in the market participation in cooperation is of some benefit.

Specifically, different industries require raw materials, semi-finished raw materials, materials, components and auxiliary materials. For example, one shirt requires yarn, buttons, a special embroidery to sew a trademark, and

finally cardboard for packaging the finished product.

But not everything has to be produced by one company.[8]

In the textile industry, the products of entrepreneurs who can produce quality fabrics, colored yarns, buttons and other auxiliary materials are purchased by enterprises producing finished textile products. The materials required for packaging are similarly purchased from another local manufacturer. In the end, the industrial cooperation of all the remaining enterprises around one textile enterprise will be formed.[7]

But we cannot produce all the good things in the world. And there is no need for that. Needed for any industry, we have manufacturing

I think it would be better to specialize in the production of possible products.

It is important to expand production in the regions. This will help to diversify the economy and develop various industries. Dry fruit packaging, dairy products

The availability of everything from manufacturing to construction companies will also help improve living conditions.

If we look at the numbers, according to preliminary data.

In January-December 2021 by the enterprises of Namangan region 14 584.8 bln. UZS, physical volume index of industrial production in January-December 2020 117.9%.

The largest share in the structure of industrial production industrial share, its share in total industrial production (83.7%).

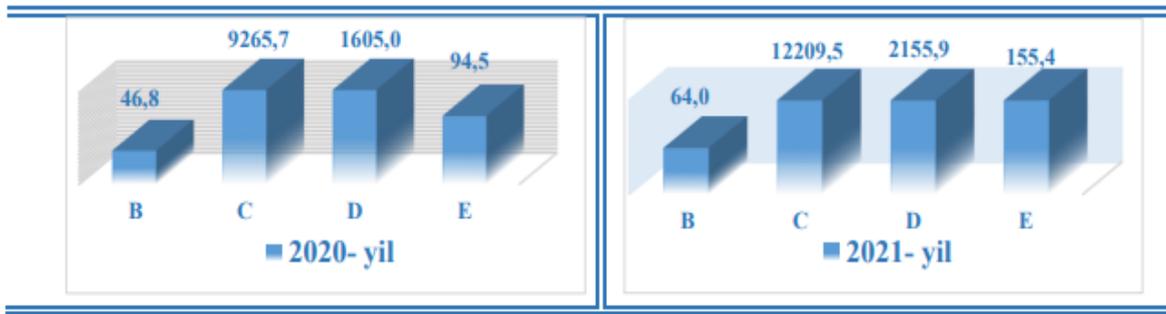


Figure 1: Industrial production of Namangan region (January-December 2021)
Source: Compiled by the author based on statistical data

- B– Mining and open pit mining,
- C – Manufacturing industry
- D – Electricity, gas, steam and air conditioning,
- E- Water supply; sewerage, waste collection and disposal.

The volume of products produced by mining and quarrying enterprises in January-December 2021 amounted to 64.0 billion. soums or 0.4% of the total industrial output.

In January-December 2021, the volume of products produced by industrial enterprises will reach 12,209.5 billion soums. soums or 83.7% of the total industrial output.

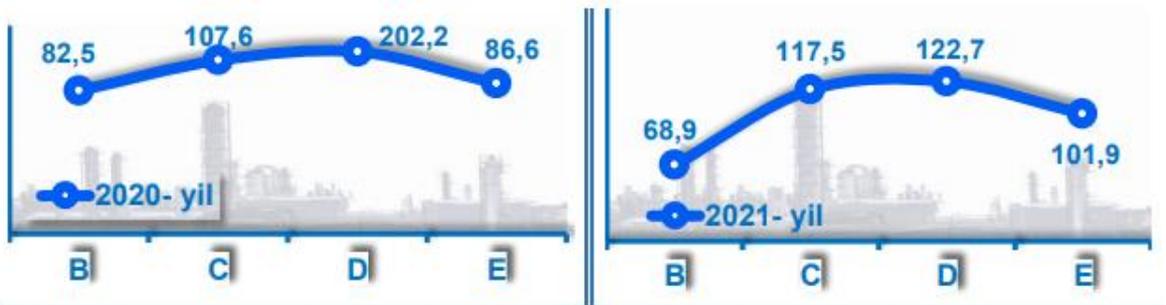


Figure 2: By main types of economic activity of Namangan region industrial production indicators, FHI *% (January-December 2021)
Source: Compiled by the author based on statistical data

The main factor in the growth of the physical volume of total industrial production is manufacturing (processing) industry - by 17.5%, electricity, gas, steam supply and air conditioning increased by 22.7% (Figure

2).[9]

Table 1: Key indicators of the program of localization of production of finished products, components and materials

| | 2018-y | 2019-y | 2020-y | 2021-y | In 2021 as a percentage of 2018 |
|---|--------|--------|--------|--------|---------------------------------|
| Number of projects, units | 41 | 20 | 53 | 66 | 161% |
| Number of enterprises, units | 20 | 10 | 34 | 50 | 250% |
| Production capacity, bln. sum | 226.0 | 209.2 | 315.0 | 668.9 | 296% |
| The volume of localized products exported, mln. USD. | 0.93 | 0.8 | 2.1 | 10.1 | 1086% |
| New jobs created, units | 78 | 78 | 520 | 1114 | 1428% |

Source: Based on the website of the Namangan Regional Department of Statistics

As a result of the program of localization of production of finished products, components and materials in 2018-2021, 180 projects were implemented and the production of localized export-oriented products was launched at 114 enterprises, or as a result of localization programs in 2021 compared to 2018. Production of localized products is organized in more than 250% of enterprises (Table 1). The volume of localized production of finished products, components and materials in 2018 amounted to 226.0 billion soums, and by the end of 2021 - 668.9 billion soums. soums or increased by 296% compared to 2018.[10]

In January-December 2018, 20 enterprises entered the program on the basis of 41 projects worth 226.0 billion soums. In 2021, 50 enterprises produced industrial products worth 668.9 billion soums under 66 projects. In addition, the export volume of domestic products produced under the program in January-December 2018 amounted to 0.93 million. In 2021, it will be 10.1 million US dollars. The volume of localized exports increased by 1086%. [11] This is of course the implementation of localization programs can be considered a positive result.

Analyzing the above indicators, we can once again understand the importance and relevance of localization programs. This requires the selection of specific and promising projects, the further regulation of protectionism in the process of further export promotion, economic liberalization and localization.

Implementation of measures to increase the localization of production of finished products, components and materials is one of the factors in the growth of industrial production and reduction of imported goods, which are necessary for the production activities of enterprises.

One of the most important directions of radical structural changes in the economy is the creation and development of import-substituting, export-oriented industries [7]. To create import-substituting, export-oriented production

The work will be carried out in the following stages:

- attracting foreign direct investment to the country joint ventures with foreign investment or pure foreign the production of new types of products, which have not been in the country before, will be organized on the basis of the establishment of enterprises based on capital;
- Some of these finished products in the country and its regions for the production of components on the basis of local raw materials new joint ventures, national enterprises will be established, and import-substituting, export-oriented production will be launched; [5]
- The production of such products will be strengthened and the finished product the share of cost will be gradually increased.

The division of labor as a result of the above operations on the basis of development and specialization of production cooperation, that is, the expansion of industrial cooperation is carried out by The country on the basis of the division of labor and specialization of production, the development of industrial cooperatives and the process of establishing new competitive, import-substituting, export-oriented industries in its regions called productive localization.

There have been various interpretations of the term “localization” in scientific publications in recent years. According to Nixson F.[2], Cook S.[5], Bruton H.J [4], Shuvalova, D.G. [3], localization of production means

the process of production of products originally produced abroad in another country. A.N. According to Kong B., Gallagher K.P. [1] localization implies the supply of domestically produced components by local manufacturers to foreign companies on the basis of pre-existing production capacity.

Theoretical and methodological substantiation of the role of localization of production on the topic of "import substitution" authorities, as well as scientists. In particular, import substitution as a type of industrial policy aimed at replacing the import of industrial goods with products produced in the republic and its regions considered [24]. Manufacture of import-substituting goods in the country release and reduce or stop their imports in this regard is another approach to defining the concept of import substitution [21]. V.V. Zaryankin formulates three alternative approaches to the concept of import substitution [20].

- Import substitution can be considered as an economic category and can represent a system of economic relations aimed at replacing imported goods.
- growth of production, consumption and export of domestic goods and services, as well as reduction of consumption of imported goods and services as an economic process;
- Representation as a state economic policy to rationalize and optimize the import of goods and services by encouraging local producers.

Today, the highest share of imports is in the machine-building and machine-building industries. In terms of import substitution, the policy of localization will create new jobs and new industries in its territory, as well as encourage the development of knowledge-intensive sectors of the economy, encourage local enterprises to work globally makes it a strong competitor on a scale. Hence the industry policy is to replace imports and consequently domestic production to produce products that need to increase in size should be focused on development [6]. Import substitution policy is a major success. The factor is not only to replace imports, but also to export called directional localization. Import substitution should be a tool of economic policy so that the product is domestic not to support the development of market-oriented enterprises, rather, to take its place in the global commodity producers' market should be to further increase the export potential of companies. [19,28].

ID Kotlyarov localization by foreign companies own production facilities in a particular country considers it a complex phenomenon representing the formation. However, local manufacturers of the final product master a number of stages (from one cycle to a full cycle) [12]. Based on this interpretation of the term "localization".

D. Kotlyarov distinguishes the following forms: development of the final product primary, secondary, determined by the number of production stages, their technological complexity, marketing characteristics, etc. tertiary localization (Table 2).

Table 1: Stages of localization and their content

| Stages of localization | The content of the stages | Localization results |
|------------------------|---|---|
| Primary localization | The final stage of production of the finished product will be transferred to the territory of the country | Creating new jobs, increasing tax revenues, simplifying consumer access to the final product. Only the final product assembly stage will be localized, there is no real replacement for imports |
| Secondary localization | Local manufacturers form a local supply chain that replaces certain links in the overall chain | Implement measures to directly and indirectly encourage foreign manufacturers and potential domestic suppliers of individual components for the final product. |
| Tertiary localization | Subcontractors established in the country form national value chains that are localized, serve the needs of foreign producers, and focus on the production of the final export-oriented product in the country. | Forming your own value chain that leads to the production of the final product |

The concept of "localization" is closely related to the concept of "location of production" used in economic geography. We can say that localization is a special case of placement with a number of features.

We can agree with the author, because if we focus on the third stage of the national economy, it will be able to form its own global value chain and enter the world market with the final product.

III. CONCLUSIONS AND SUGGESTIONS

In my opinion, the essence of localization of production is the supply of domestically produced components for foreign enterprises on the basis of existing or newly established production facilities by local manufacturers. Basic

conditions of localization; the availability of capital, the availability of technology and production capacity, and the availability of a sales market. The main role of localization in import substitution in the regions is to modernize production and establish new productions in the country, increase the production of imported analogues at a more technological level using foreign technologies, increase export potential, preserve such products and create new jobs. places.

Import substitution policy in our country year after year. This measure further measures. The goal is to eliminate the following problems for improvement is compatible.

1. Lack of information in enterprises about the localization program in the import substitution policy and long-term access to this program;

2. Declining quality of import-substituting products produced by local companies;

3. Import-substituting products for small and medium enterprises

lack of experience in production and skills in foreign economic activity;

4. Significant amount of equipment and technology available at the enterprise is physically or mentally obsolete;

5. The issue of introducing a quality management system for products, ensuring compliance of products with international standards is not fully resolved in all enterprises;

I think that in the current situation, there are different industries and farms in the region

imports to further increase production in operating entities

make the most of the opportunities available under the replacement program

expedient. Here are some of the ones I found to be interesting:

development measures - I think it is necessary to take measures:

- large-scale industry on a regular basis by small businesses partnerships with businesses explore opportunities;

- Necessary conditions for the production of import-substituting products - strengthening the material and technical base, modernization of equipment and facilities in accordance with modern requirements, cost-effective production introduction of technologies, use of high quality raw materials and supplies;

- The most important thing is to improve the skills of specialists and staff, to organize a wide exchange of experience;

- Carrying out experimental and research work to improve the quality of import-substituting products;

- Indirect incentives for producers of import-substituting products, the introduction of technologies that increase the efficient use of imported raw materials and resources;

- development of effective internal and intersectoral production relations;

- an additional measure to prevent the price of an import-substituting product from being higher than that of an imported product

- it is advisable to develop benefits.

- It should be noted that many economists believe that the transition to a market economy is a gradual policy of import substitution.

- stage should be performed. First of all in the world market

- identify networks that can be competitive and identify them

- much attention needs to be paid to development. Because to such states

- ensuring the competitiveness of domestic products in the world market,

- locomotive networks that can accumulate financial and technical resources are needed. This is the essence of import-substituting industrial production.

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