

## Urgenteous Tasks of Reforming the Uzbekistan Economy

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**Abstract:** The importance of restructuring in the country's economy, its liberalization, transformation and improvement in accordance with the requirements of a market economy, as well as its scientific, theoretical and practical aspects, have been studied. Also, scientific proposals and practical recommendations have been developed on adapting the country's economy to market relations through accelerating restructuring at industrial enterprises of our republic.

**Keywords:** restructuring, market economy, industrial enterprise, modernization, production, economic system, modern technology and technology, structure, technological changes, industry policy, world market, investment, financial structure, production management.



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### Introduction

The economic reforms being implemented in Uzbekistan require the implementation of an active economic policy and the creation of a system for regulating the processes associated with them. The importance of restructuring in liberalizing the economy, changing and improving its structure in accordance with the requirements of a market economy is incomparable. Therefore, restructuring in Uzbekistan is considered an important factor in accelerating economic processes, renewing and modernizing production, and applying advanced methods of production management in practice. Because, through accelerating the restructuring of the economy, structural changes in the economic system, re-equipping enterprises with modern equipment and technologies, and establishing the production of competitive products are emerging as the most urgent tasks in the context of adapting the country's economy to market relations.

Structural reconstruction and restructuring of the economy are complementary processes that stabilize GDP growth. Both paths require certain investments. However, although the redistribution of resources between sectors and enterprises does not significantly affect labor productivity, restructuring is an important factor in its growth and increasing production efficiency. In this regard, the President of the Republic of Uzbekistan Sh.M. Mirziyoyev emphasized: “Further strengthening macroeconomic stability and maintaining high rates of economic growth, including ensuring a balanced state budget at all levels, a stable national currency and price level in the domestic market, is our most important priority” [1]. If restructuring is viewed as a comprehensive change in economic methods and economic structures

aimed at increasing the efficiency of economic structures, it can be applied at any level of the economic system.

### Literature review on the topic

In economic literature and practice, there is still no consensus on the meaning of the term "restructuring". However, several approaches have been developed to understand the nature of this phenomenon. When it comes to the term "restructuring", it should be noted that it is used in a broader sense in organizations close to debt obligations and a state of crisis. However, debt restructuring is only one type of restructuring - an element of financial restructuring. In this case, restructuring should not be confused with changing the organizational and legal form of business. Thus, a one-sided understanding of restructuring leads to a limitation of this lever's opportunities for achieving competitive advantage. Economists engaged in research in the field of anti-crisis management, including restructuring, emphasize that restructuring has a rather fundamental and long-term nature. Depending on the purpose of restructuring, it can be viewed as a change in the organizational and legal form of operation, a reform of the organization's activities, or a reshaping of the capital structure (table 1).

**Table 1. Classification of practical approaches to restructuring**

Restructuring subject	Approach to restructuring
Transformation of the organizational structure of the organization Change of the organizational and legal form of business management	Management of simultaneous changes in the organizational structure of an organization in order to implement investment or innovation projects, enter new geographical segments or new markets.
Reshaping the capital structure	Reorganization of organizations (merger, merger, separation, division, restructuring) by decision of their owners or in accordance with the procedure established by law.
Financial consolidation within the framework of anti-crisis management	Taking comprehensive measures to change the structure of assets and liabilities of current and external turnover, private and debt instruments in order to achieve a certain level of financial stability, solvency, and liquidity indicators in a short period of time;
Financial consolidation within the framework of anti-crisis management	Applying anti-crisis management rationality measures to restore the solvency of the organization in a state close to bankruptcy;
Fundamental reform of the entire scope of the organization's activities	Reshaping various areas of the organization (production, personnel, finance, sales) to quickly resolve problems that arise, and transforming
Adaptation of the economic system to the external environment	Various elements of the economic system (country, region, firm) to adapt them to the external environment.

However, these points of view reflect the specific features of one or another sphere of activity, which belong only to certain aspects of such a complex phenomenon as restructuring. In particular, I.I. Mazur and V.D. Shapiro define restructuring as a set of comprehensive measures to adapt the conditions of the organization's functioning to changing market conditions and the production strategy for its development[2].

G.A. Aleksandrov pays special attention to the fundamental, comprehensive characteristics of restructuring. According to him, restructuring is a fundamental complex change, which is based on the transformation of the business structure and the form of the organization's functioning, covering all aspects of the organization's activities; their ultimate goal is to eliminate the crisis situation, increase work efficiency and competitiveness, increase income[3]

L.P. Belykh and M.A. Fedotova showed the ultimate goals of restructuring organizations. According to them, restructuring is a process aimed at creating conditions for the effective use of all factors of production for the purpose of increasing financial stability and competitiveness [4].

OS Sukharev offers a broad understanding of restructuring. He emphasizes that the state policy has a leading role in restructuring. In his opinion, restructuring is a set of measures implemented at the level of all sectors of the economy, in the organization, in the region, and under state control, leading to the formation of solidarity, employment growth, real incomes, and investments in industrial complexes, and ensuring the above-mentioned competitive pressure from both domestic producers and foreign competitors [5].

### **Analysis and results**

The process of increasing the volume of national production and improving market relations, taking a strong place in the economic life of society, on the one hand, depends on the consistent implementation of the policy of economic liberalization and modernization of society in the country, and on the other hand, the restructuring of production and financial sectors. The fact that the restructuring of enterprises of the real sector of the economy is an objective necessity can be explained from a theoretical point of view as follows:

- enterprises always organize their activities in direct response to changes in the market situation. The market situation is constantly changing. This requires the restructuring of the company's production and product structure in a short period of time;
- investment goods have the possibility of rapid obsolescence in the context of globalization, and the growth of the exchange of advanced technologies accelerates this process. Ultimately, moral obsolescence “overtakes” the rates of material obsolescence. Thus, the need for enterprise restructuring is of urgent importance. The main reasons for the importance of restructuring production in the national economy and its leading sectors in our republic can be listed as follows:
- the development of market relations and the resolution of problems arising in the process of economic liberalization are directly related to the restructuring of enterprises;
- although the denationalization and privatization of property in the country continue, property relations in enterprises have not yet been sufficiently improved. This, in turn, creates problems in the system of enterprise management and strategic plans, in the acceleration of investment activity, and has a negative impact on the effective use of production factors;
- the technological competence of industrial enterprises is low, the moral obsolescence of fixed assets is high, which limits the possibility of producing high-quality, profitable products.

Uzbekistan's integration into the world economy, in turn, requires expanding the production of export-oriented, competitive goods in international markets, and improving the commodity and geographical structure of their exports. Today, half of industrial enterprises in Uzbekistan spend their financial resources on automation and mechanization of existing production processes, about 40% - on reducing production costs and saving resources, and 35% - on increasing production capacity.

It is worth noting that the position of "introducing new production technologies" has not changed in the period from 2000 to 2024: only 38% of enterprises directed funds to the technical

modernization of equipment. However, with a high technical level of the production base, timely technical re-equipment of the enterprise, the enterprise can operate effectively and take a competitive position in the domestic and foreign markets. Based on this, if we analyze the restructuring of industrial enterprises in our republic, the following situation is observed (table 2).

**Table 2. Status of restructuring of industrial enterprises in Uzbekistan**

	2020 y.	2021y.	2022y.	2023 y.	2024 y.
Registered enterprises and organizations	266.4	273.6	278.4	285.4	300.2
Active enterprises and organizations	241.2	246.7	278.4	268.4	285.5
Insolvent enterprises and organizations	25.2	26.9	20.7	16.9	14.7
Newly established enterprises and organizations	27.8	26.9	27.9	32.7	41.0
Liquidated enterprises and organizations	21.3	20.8	23.7	22.7	26.5

According to the results of the analysis, from the point of view of restructuring, during 2020 - 2024, the number of registered enterprises and organizations will increase, and the number of active enterprises and organizations among them will increase, and at the same time, the number of insolvent enterprises and organizations will decrease or completely disappear. It should also be noted that the number of new enterprises and organizations is also increasing as a result of special attention to the issue of diversification, which is an integral part of the state's economic policy.

These newly established enterprises and organizations are modern, equipped with the latest equipment and technologies, and offer high-quality products and services that are in demand in world markets. Examples of them include the American-Uzbek joint venture "GENERAL MOTORS" in the field of mechanical engineering, "ARTEL" in the field of electronics, "MUROD BUILDING" in the field of construction, the joint venture "MAN" in the field of transport, "BEE LINE" in the field of communications, and several other enterprises and organizations. This is a vivid example of how important restructuring is for the country's economy. In this regard, an important task of innovation policy is the ability to calculate the impact of external and internal factors on the restructuring of enterprises, their innovative activities, and the process of innovative modernization of production.

### Conclusions and proposals

The main goal of restructuring at industrial enterprises in Uzbekistan should be to ensure their sustainable development in the long term. To achieve this, the enterprise is required to increase its turnover, profit margin and competitiveness as a result of restructuring. The following tasks must be performed in accordance with the strategic development plan of the enterprise for restructuring:

1. Improve corporate planning and management, transition to a strategic management system covering all areas of the enterprise's production and economic activities. This system should fully cover the enterprise's raw material procurement, product development, technical and investment, marketing and sales, financial, personnel management and social policies.
2. Develop and implement an investment program aimed at the modernization (modernization) of product production, the creation of an effective production network. Also, determine the optimal scheme of long-term financing and capital formation.
3. Expanding the volume of raw materials required for production, increasing the economic interest of raw material suppliers, using advanced methods such as barter, tolling, and

supplying high-demand goods in preparation and trade relations with raw material and material suppliers.

4. Diversifying the product mix of the enterprise. In this case, the main attention should be paid to establishing the production of several types of consumer goods alongside the main types of products. For example, an enterprise producing rare metals or rolled products can establish the production of jewelry, semiconductors, machinery and equipment, and various mechanisms.
5. Developing and implementing export projects and programs of the enterprise, developing new directions in the foreign market, increasing export volumes, improving the commodity composition of exports, and increasing the share of high-quality, high-tech goods in exports.
6. Create an effective system for managing the quality of the enterprise's products, certify the quality management system in accordance with the ISO 9001 standard.
7. Improve the financial management of the enterprise, in which the development of a financial planning and control concept should play an important role.

In conclusion, it can be said that improving the conditions for the reconstruction of industrial enterprises will expand the opportunities for increasing production volumes in the industry and, ultimately, will serve to ensure the acceleration of economic growth rates in our country.

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