



FACTORS AND MECHANISMS FOR IMPROVING THE EFFICIENCY OF THE FOOD INDUSTRY IN THE SYSTEM OF SMALL INDUSTRIAL ENTERPRISES

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Annotatsiya: Maqolada Yangi O'zbekiston sharoitida kichik sanoat korxonalarini qo'llab-quvvatlash asosida O'zbekiston Respublikasi oziq-ovqat sanoatini rivojlantirish samaradorligini oshirish masalalari tadqiq etilgan. Davlat siyosati natijalari tahlil qilinib, sohadagi asosiy moliyaviy, texnologik, infratuzilmaviy va eksport cheklovlari aniqlandi. Kichik biznesning qo'shilgan qiymat zanjirlarini shakllantirish, inklyuziv va o'zaro bog'liq bozorlarni yaratishda tutgan o'rni asoslangan. Oziq-ovqat sanoatini davlat tomonidan qo'llab-quvvatlash va hududiy ixtisoslashtirish mexanizmlarini takomillashtirish bo'yicha tavsiyalar ishlab chiqilgan.

Kalit so'zlar: oziq-ovqat sanoati, kichik sanoat korxonalari, barqaror rivojlanish, qo'shilgan qiymat zanjiri, hududiy ixtisoslashuv, bozor infratuzilmasi.

Аннотация: В статье исследуются вопросы повышения эффективности развития пищевой промышленности Республики Узбекистан в условиях Нового Узбекистана на основе поддержки малых промышленных предприятий. Проанализированы результаты государственной политики и выявлены ключевые финансовые, технологические, инфраструктурные и экспортные ограничения отрасли. Обоснована роль малых предприятий в формировании цепочек добавленной стоимости и создании инклюзивных и взаимосвязанных рынков. Сформулированы рекомендации по совершенствованию механизмов государственной поддержки и территориальной специализации пищевой промышленности.

Ключевые слова: пищевая промышленность, малые промышленные предприятия, устойчивое развитие, цепочка добавленной стоимости, региональная специализация, рыночная инфраструктура.

Abstract: The article examines issues related to improving the efficiency of the food industry in the Republic of Uzbekistan in the context of New Uzbekistan based on support for small industrial enterprises. The results of state policy are analyzed and key financial, technological, infrastructural, and export constraints in the industry are identified. The role of small enterprises in the formation of value chains and the creation of inclusive and interconnected markets is substantiated. Recommendations are formulated for improving the mechanisms of state support and territorial specialization of the food industry.

Keywords: food industry, small industrial enterprises, sustainable development, value chain, regional specialisation, market infrastructure.

Introduction. Measures aimed at supporting the local food industry in the context of New Uzbekistan have created opportunities for achieving sustainable development trends in the sector. In particular, "As a result of measures taken in recent years to develop the food industry in the republic, attract investment in the sector and support export activities, food production exceeded US\$6.1 billion, and annual exports exceeded US\$510 million. Over the past three years, 75 types of import-substituting food industry products worth US\$289.9 million have been produced, while imports have fallen by 7.4 per cent. The share of the food industry in the republic's industry has increased from 14 per cent to 16.6 percent" [1].

Nevertheless, various government decisions, including meetings between President Shavkat Mirziyoyev and industry representatives, have repeatedly emphasised that the potential for development of the republic's food industry is currently underutilised. In the context of the new Uzbekistan, priority is given to reforms aimed at improving the efficiency of the country's industrial development potential by creating small industrial zones in the regions of the republic, including improving the effectiveness of economic support programs for small industrial enterprises [2]. In particular, in recent years, the government has identified as a priority task "further simplification of the system of coordination and management of special economic, small industrial, youth industrial and entrepreneurial zones, improvement of conditions for attracting investment, ensuring accelerated implementation of investment projects, creation of new jobs on this basis and increasing the income of the population" [3], which indicates the consistent continuation of systemic reforms for the development of small industrial enterprises in the regions.

Literature review. The regulatory and legal documents of the Republic of Uzbekistan pay special attention to the accelerated development of the food industry, regional specialization of agriculture, the formation of value chains, and the development of small industrial zones. Scientific research by CIS and foreign authors emphasizes the role of the food industry in ensuring food security, sustainable economic growth, and improving the quality of life of the population. The works of A. I. Altukhov [4], A. N. Yaskin [5], I. Majid [6], S. Bresciani [7], and others address issues of food security, innovative development of the food industry, quality management, and the introduction of modern technologies.

Research methodology. The methodological basis of the study was a systematic and comprehensive approach to analysing the development of the food industry and small industrial enterprises. The study uses methods of economic analysis, statistical comparison, generalisation and logical interpretation. The information base for the study was official statistical data, materials from government programmes and regulatory acts, as well as scientific publications.

Analysis of material and research results. According to the analysis, the following systemic problems (see Fig. 1) have been identified to date in ensuring the effectiveness of programmes aimed at state support for the country's food industry:

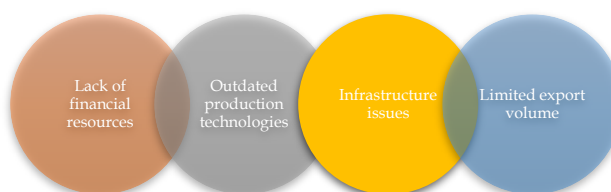


Fig. 1. Problems negatively affecting the effectiveness of state programmes supporting the food industry in Uzbekistan

- lack of financial resources - along with the limited financial capabilities of small and medium-sized enterprises, they face financial problems related to obtaining credit when using the credit services provided by commercial banks;
- obsolescence of production technologies at food industry enterprises - slowness in introducing advanced technologies and innovations, modern means of production in investment projects implemented to modernize production processes at local food industry enterprises. In most cases, there are instances of equipping production processes with production equipment that is morally obsolete;
- problems related to the infrastructure of the food industry and related sectors - raw material supply for food production, i.e., insufficient development of transport, storage, and processing systems in agriculture, including logistics services;
- limited export volume - products manufactured by domestic food industry enterprises do not meet international product quality, safety, and environmental standards, although they do comply with the national standards system.

According to the analysis, small industrial enterprises, occupying a place among the forms of economic activity that are of priority importance in the country's economy, contribute to the country's economic development trends at a high level. In particular, in 2010-2024, the share of small industrial enterprises in the country's GDP averaged 60.4 percent, and in the period under review, the share of small industrial enterprises in GDP, showing a dynamic development trend, increased from 60.8 percent to 67.2 percent in 2010-2016, and by 2024 this figure was 54.3 percent (see Figure 2) [8]. This situation is explained by the fact that since 2017, in the context of reforms aimed at developing the economy of New Uzbekistan, the liberalization of socio-economic relations has intensified, and the number of medium and large enterprises in the structure of industrial enterprises has increased.

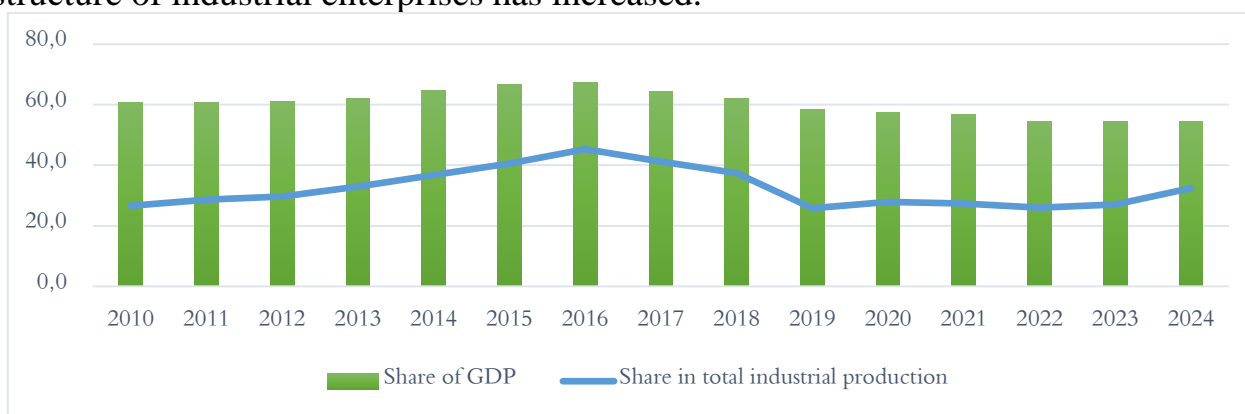


Fig. 2. Trends in the development of small industrial enterprises in Uzbekistan, in per cent.

At the same time, the share of small industrial enterprises in the country's total industrial production during the period under review averaged 32.4 per cent, which also shows a dynamic development trend. According to the data, while in 2010-2016 the share of small industrial enterprises in the total volume of industrial production increased from 26.6 per cent to 45.3 per cent, by 2019 this figure stood at 25.8 per cent, and in 2024 it will be 32.4 per cent (see Figure 2). Experts note that the trends in the share of small industrial enterprises in gross industrial production are dynamic, with the implementation of profound structural changes in industry, the development of medium and large industrial enterprises with high added value and greater potential compared to small enterprises in terms of knowledge intensity is explained by the acceleration of vertical and horizontal diversification of production processes in these enterprises.

Based on the above analysis, we consider it appropriate to give priority to utilizing opportunities for access to food value chains in order to create inclusive, efficient, and interconnected markets based on mutual economic interest among small industrial enterprises in improving the efficiency of the country's food industry.

In the context of New Uzbekistan, fiscal and tax policies, monetary and credit policies, customs tariffs, the state policy implemented in the food industry, and the formation of market prices for food products have an impact on the mechanisms for locating small industrial enterprises, bringing them closer to energy sources and the raw material supply chain, depending on potential market supply and demand, as well as the type of products manufactured. At the same time, in recent years, there have been cases of small food industry enterprises being located near related infrastructure, including warehouses equipped with modern refrigerators, which allow them to provide logistics services and store agricultural products for long periods without compromising their quality. In general, factors related to natural, traditional, transport, labor market, market infrastructure, and financial resources influence the location of small food businesses and can be explained as follows (see Figure 3):

- Natural factors - these types of factors are mainly located in areas close to the supply chain for raw materials used in the food products manufactured by the enterprise, including smallholdings and farms producing agricultural products. As a rule, such a location leads to a reduction in the market price of the products manufactured by the enterprise due to a reduction in the costs associated with the supply of raw materials. At the same time, giving priority to these factors may lead to the removal of food products manufactured by the enterprise from market areas. This, on the contrary, may lead to an increase in the market price of the products it manufactures due to transportation costs. Small food processing enterprises are usually located with priority given to natural factors, where there are frequent cases of deterioration in the quality of agricultural products during long-term storage or transportation. In particular, this factor includes aspects related to the natural and climatic conditions of the region, its geographical location, and the environmental situation.

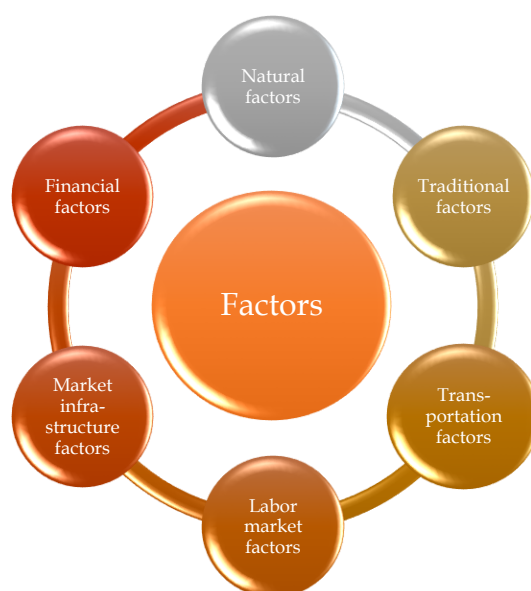


Fig. 3. Factors influencing the location of small food industry enterprises.

- Traditional factors include the organization of production sites on land plots allocated for enterprises producing alternative food products in areas where such enterprises can be located. This refers to socio-economic traditions associated with the location of established production sites, based on the characteristics of the country's economy. In our country's practice, this type of factor manifests itself to a greater extent in connection with natural factors, i.e., the geographical location of the region, natural and climatic conditions, the ecological situation, and proximity to consumer markets.

- Transportation factors - this involves locating production facilities in areas with convenient transport infrastructure for transporting the food products manufactured by the enterprise, including the raw materials necessary for production. According to research conducted in economic literature, it has been established that, at present, transportation costs in our country account for an average of 10-15% of the product price in the formation of market prices for food industry products. This shows that for small enterprises, their location in relation to transport factors will have a significant impact on the market value of their products, which may lead to a decrease in the market turnover of food products due to price increases.

- Labor market factors - When locating small food processing enterprises, it is necessary to take into account supply and demand in the labor market, including demographic factors in the region. On the one hand, this type of factor affects the costs associated with hiring the workers needed to manufacture products at the enterprise, and on the other hand, it allows for an assessment of the potential demand for the products manufactured by the enterprise in the region's food market.

- Market infrastructure factors - this type of factor includes banking and financial institutions, leasing, insurance, and stock exchanges, which serve to ensure a faster and more efficient exchange of material and financial resources by small industrial enterprises. Market infrastructure is important for the location of small industrial enterprises based on new advanced and information technologies. In addition, the development of modern information technologies and communication systems opens up opportunities for achieving new and higher levels of quality in the location of small

industrial enterprises. The application of information technologies based on highly developed technologies has led to structural changes not only in small industry, but in all industries. As a result, information resources and technologies will help to develop specific proposals and recommendations for the location of small industrial enterprises. The development and location of small industrial enterprises is linked to institutional changes and the creation of certain favorable conditions for the development of private entrepreneurship and small businesses.

- Financial factors include attracting foreign investment by creating an investment climate in the regions and ensuring its attractiveness as the main source of financial resources, expanding the revenue base of local budgets and locating small businesses, increasing investment activity by attracting funds from the population, and effectively using grants from various extrabudgetary funds and international financial organizations.

Based on the above, considering that today in the regions of the republic priority is given to the development of specialized agroclusters for the cultivation of agricultural products, including small industrial enterprises with the creation of small industrial zones in the regions, we have developed a mechanism for joint entry into value chains by type of food product in the transition to the practice of creating inclusive, efficient, and interconnected markets based on mutual economic interest between small economic entities, including small food industry enterprises, small agricultural entities (see Figure 4).

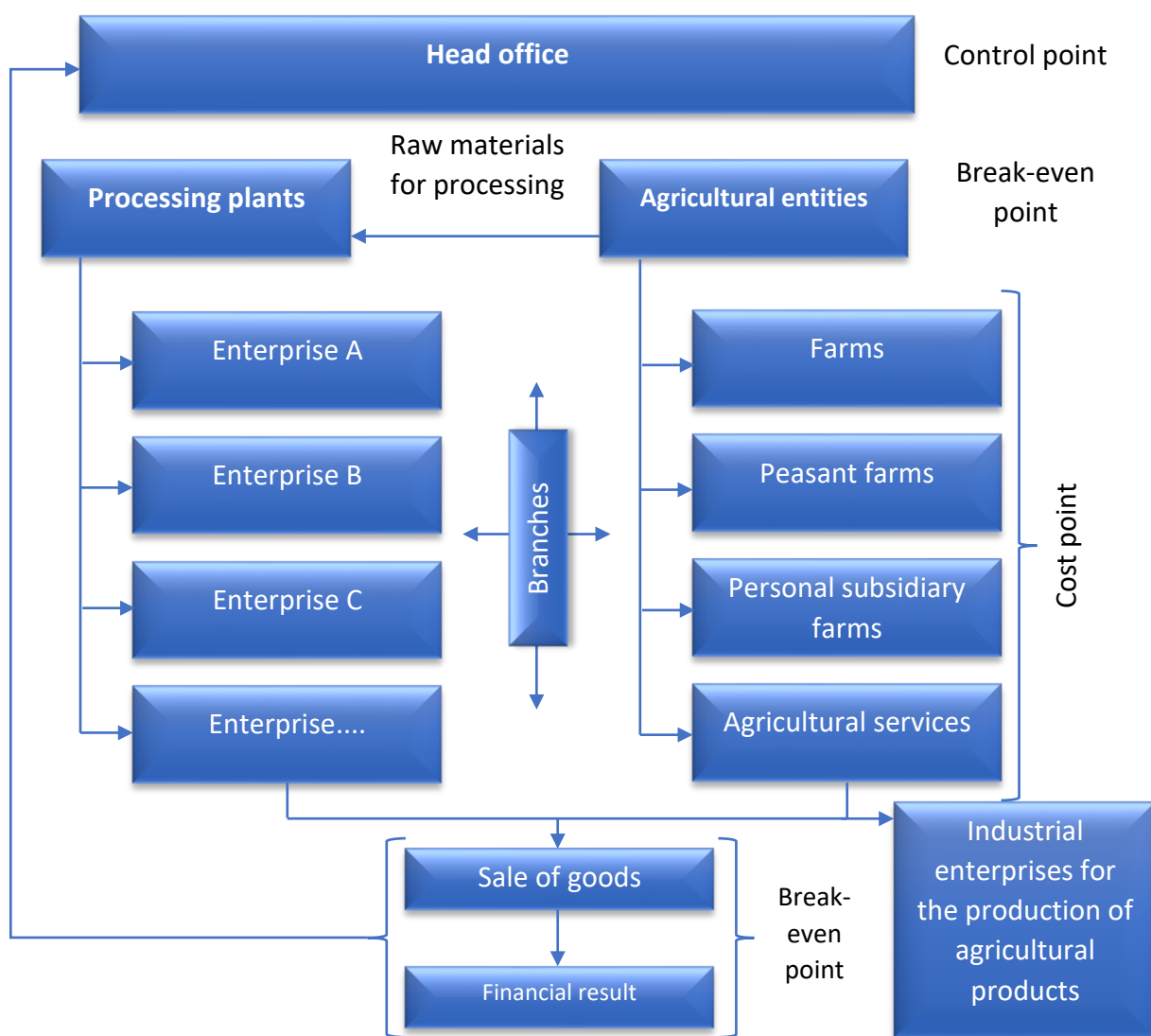


Fig. 4. Mechanism for creating inclusive, efficient, and interconnected markets by entering the food chain between small enterprises

At the same time, the activities of farms, dekhkan farms, and private subsidiary farms growing agricultural products are integrated with small industrial enterprises that process their products, and on the basis of cooperative relations, the participation of small entities in the value chain for food products is organized. Furthermore, due to increased market competition, this integration association includes entities that provide services to agriculture, including transportation, storage of grown products, packaging of processed agricultural products, and delivery to consumers. This creates opportunities for small enterprises to establish inclusive, efficient, and interconnected markets based on mutually beneficial economic cooperation. At the same time, it has been scientifically proven that due to a sharp reduction in production costs, including time and capital costs, there are greater opportunities to gain a relative advantage over large competing enterprises in the competitive struggle. As a result, small food businesses achieve a level of production efficiency that allows them to compete freely with medium and large enterprises.

At the same time, based on the specialization of the republic's regions in agricultural production, priority attention will need to be given to the implementation

of state programs aimed at strengthening the production chain with the creation of small industrial zones of "point" proportionality for food industry enterprises. The development of small food industry enterprises through this method was considered an integral part of programs aimed at territorial specialization. At the same time, local authorities will implement measures aimed at developing small food industry enterprises based on a public-private partnership mechanism. Small food industry enterprises will also be assigned appropriate commercial banks and leasing companies to provide preferential financial services (see Figure 5). This will ensure demand for the financial resources of small food industry enterprises, as well as the effectiveness of market infrastructure factors in the placement of small industrial enterprises.

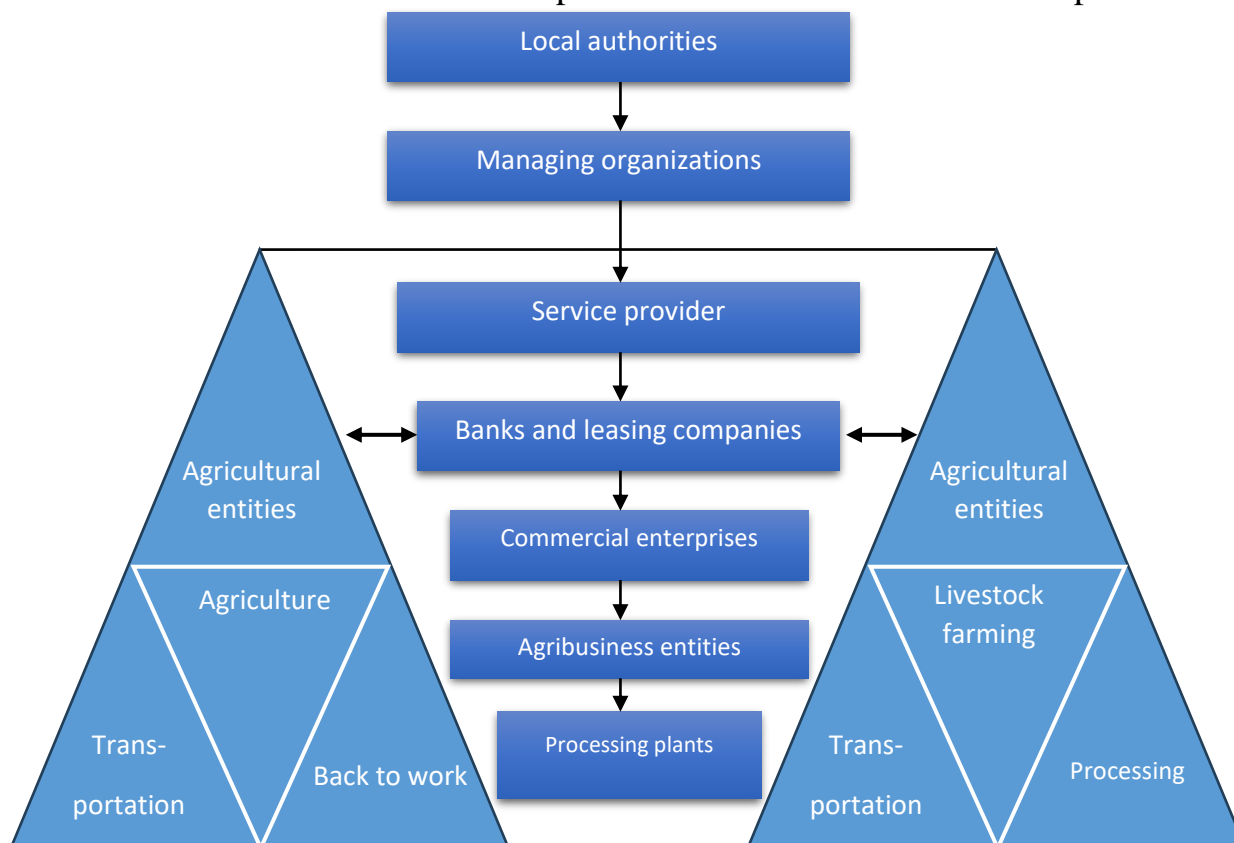


Fig. 5. Mechanism for supporting the product supply chain in "point" small food industry zones based on regional agricultural specialization

Another feature of the mechanism for supporting the production chain in "point" small food industry zones based on the agricultural specialization of the proposed regions is the practice of providing agricultural and market services by small food industry enterprises. At the same time, small economic entities providing this type of service will be attached to a territorial integration and cooperation agricultural association and will be able to provide this type of service not only for the needs of small food industry enterprises, but also for other agricultural entities. This increases the efficiency of using the development potential of the region's food industry in conjunction with agriculture.

Conclusions. Based on a study of the role of small food enterprises in improving production efficiency, it has been established that the sustainable development of the food industry requires active state support, innovative technological upgrades, and the

development of market infrastructure. It is important to implement programs to strengthen product supply chains, taking into account regional specialization and the formation of “targeted” small industrial zones.

The development of a complex of agricultural and market services, as well as public-private partnership mechanisms, creates conditions for increasing the efficiency of small food enterprises and strengthening their competitive positions.

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