



## The Main Directions of Industrial Transformation in the Regions

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### ABSTRACT

The article considers the provision of sustainable economic growth of regions in the world economy as an important factor of industrial transformation. This was explained by the fact that they conduct scientific research to strengthen the transformation processes in the industrial sector in the regions. The main directions of industrial transformation in the region are outlined.

### Keywords:

World economy, industrial transformation, regional economy, international economic organizations, industrial zones

In the global economy, this is seen as an important factor of industrial transformation to ensure sustainable economic growth of the regions. Especially in developing countries (China, India, Brazil, Vietnam, Indonesia, etc.), in order to develop the industry of regions, free economic zones, industrial clusters and small industrial zones, the organization of production of necessary consumer goods, the placement and promotion of small and medium-sized- the creation of large industrial enterprises using the existing natural and economic potential, it is one of the priority tasks.

Extensive scientific research has been conducted by foreign countries and international economic organizations to support entrepreneurship in the industrial sector in the regions, the development of private property, strengthening transformational processes, identifying the causes of differences in the development of interregional industry based on the effective use of local natural and economic potential, assessing the effectiveness of various forms of ownership, it is aimed at reducing the managerial function of the state in industry, expanding the responsibility of local governments in the conduct of industrial policy. In our country, too, with the proportional development of the regions, preference is given

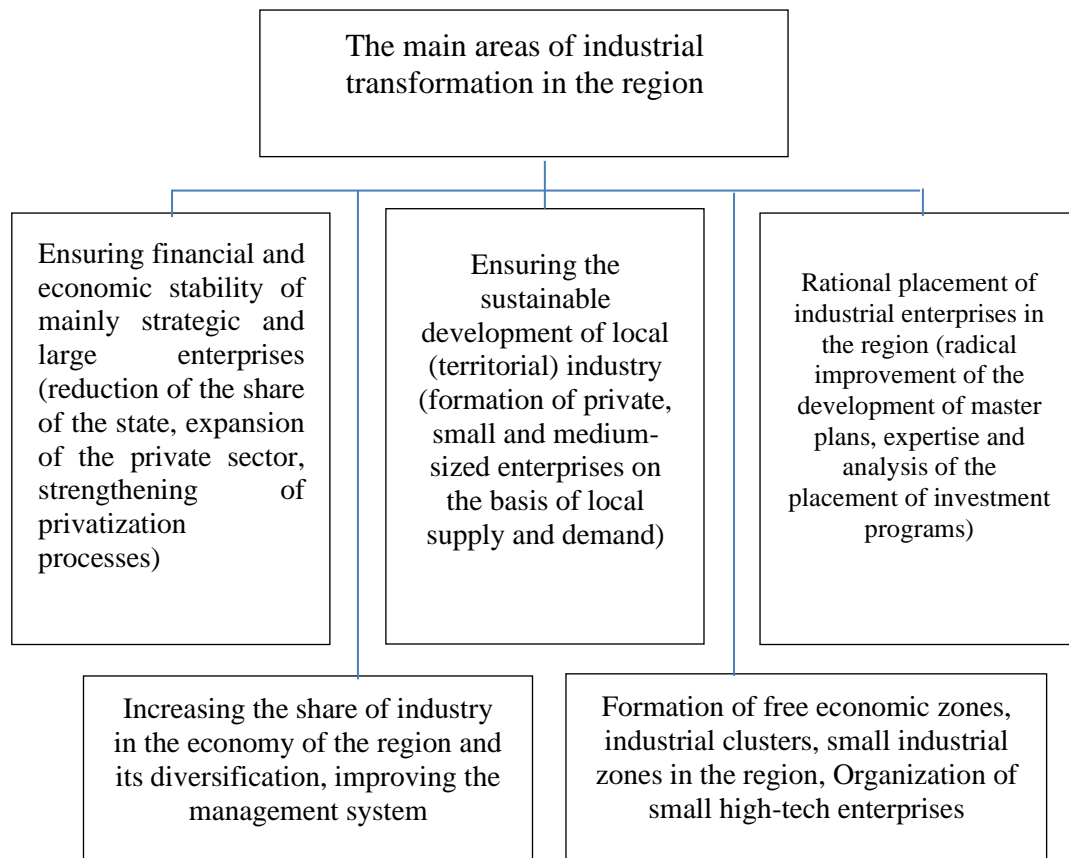
to ensuring the growth of industry at a stable pace.

Among the goals set in the development strategy of the New Uzbekistan for 2022-2026, it is envisaged "completion of the processes of further liberalization and transformation of industries and the economy, opening a wide path for the private sector"[1], proportional development of territories through the implementation of these processes. In this regard, a developing and rational industry is essential for the recovery of the economy, which is of great importance.

The process of industrial transformation in the region is associated with a clear definition of the activities of central and territorial state bodies, the provision of additional powers to local government bodies and the creation of favorable opportunities, the implementation of gradual processes of economic decentralization, ensuring the direct responsibility of local authorities for the standard of living of the population.

In our opinion, the process of industrial transformation in the region is a multifaceted complex process, which consists in the sustainable organization and development of its activities, the effective use of the local potential of industries and enterprises, considering

industry as a key factor of economic growth. Industrial transformation in the region includes the following areas. (Figure-1)



**Figure-1. The main directions of industrial transformation in the region<sup>1</sup>**

The first direction is to ensure the financial and economic stability of the main strategic and large enterprises. Among the main goals at the same time, it is possible to highlight the reduction of the state's share in the management of enterprises, ensuring the dominance of the private sector and the inclusion of the effective use of banking and financial mechanisms. These processes are carried out mainly by central State bodies on the basis of ensuring the participation of local authorities.

The second direction is to increase the share of industry in the economy of the region and its diversification, improvement of the management system. In this direction, central and local authorities should implement the transformation of the industry in direct

coordination. It is advisable to specify separately the role of regions in state programs developed by industry as a whole and its branches.

The third direction consists in ensuring competitiveness in the regions with the direct participation of the center and the territory, the formation of Free Economic Zones, clusters, small industrial zones with industrial forms, the creation of small industrial enterprises based on high technologies.

In the regions, the sustainable development of the industry and the activation of transformational processes is undoubtedly linked to the increase in competitiveness. In this place is professor at Harvard University M. It is necessary to separately indicate the definition that Porter gave when assessing the

<sup>1</sup> Source: developed by the author

competitiveness of industry in the region[2]. M. Porter divided the competition between industrial enterprises in the region into 4 groups. Factors ensuring the stability of the first, territorial production, the second, the factors determining the market conjuncture indicating changes in the internal and external demand for products, the correspondence of the competitive strategy of the third enterprise with the competitive strategy of the region, that is, Factors of the development of the activities of the internal competitive environment, the fourth, complementary and complementary industries.

The main factors of the model proposed above serve as a kind of impetus in the formation of an industrial cluster in the region and in the development and deployment of industrial enterprises aimed at meeting the needs of the population on the basis of the development of internal competition.

Also, in accordance with the theory of territorial development of the famous scientist Paul Krugman[3], competitive advantages in the region are formed on the basis of factors of "First nature" and "second nature". The "first nature" mainly includes the efficient use of local resources, while the "second nature" includes the relative effect of agglomeration, human capital and institutional, innovative changes. In our opinion, it is advisable to effectively use all the factors of the development of local industry in the region. The efficiency of agglomeration can be achieved by establishing the production of competitive products, taking into account two main factors when placing domestic industry, namely the availability of local raw materials and consumer demand of the territory.

The role of cluster theory in the formation of competitive advantages in the region is increasing. Clusters consist mainly in the introduction and interconnection of industrial related industries (enterprises) on the basis of a technological and organizational single chain. A single link serves to form a new growth point, achieve high productivity, apply innovative technologies, strengthen competitiveness, ensure employment.

The main direction of industrial transformation in the fourth region is the radical improvement of the general plan of cities, districts, regions and the development of master plans, through which the rational placement of industrial enterprises is important. The direct participation of the authorities of the regions, cities and districts should be ensured in this process.

The fifth direction is aimed at ensuring the formation and sustainable development of local industry in the regions. This direction can directly fulfill the role of a specific driver in meeting the needs of the population, increasing its income and ensuring employment. We think that the regulation (management) of the placement and development of local industry should be largely under the jurisdiction of local authorities.

In conclusion, each of these directions expresses individual directions and mechanisms of transformation of industrial enterprises in the regions, the result of which is precisely the process of transformation of the economy of the region in the economy, as well as the transformation of the national economy in integrity.

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