



Classical Approaches to Industry Clustering

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ABSTRACT

The article discusses one of the key areas of economic reform, the theoretical analysis of the clustering process, the main problems arising in the implementation of the cluster approach, and in part, the foreign experience.

Keywords:

Clustering, integration, best practices, value added.

Introduction.

When conducting industrial clustering policy, it is appropriate to take into account the country's real internal capabilities, conduct an objective factor analysis in the process of implementation, and look at clusters in the cross-section of industries from the point of view of different approaches rather than exactly the same.

Observation and analysis of the changes taking place in the country's economy, the ongoing reforms, show that new trends are forming in it. The leading industries are making structural changes and moving to a form of organizational management, which is considered unconventional for us, called clusters. Of course, the creation of new organizational structures can be positively evaluated, but there are some aspects that should be paid attention to in the establishment and effective operation of these structures, which need to be thoroughly analyzed and evaluated. In particular, there are several theoretical views on the organization of clusters, which differ from each other in one

way or another. Each theory is effective in certain conditions, that is, it is not correct to apply them on the scale of the whole country.

First of all, it is an urgent issue to form a legal framework for the activities of these organizational structures, which are considered new for us. Without the necessary legal basis, any reform will not have the expected effect. Decision No. PQ-2687 of the President of the Republic of Uzbekistan dated December 21, 2016 "On the program of measures for the development of the textile and sewing-knitting industry for 2017-2021" [5] as the initial legal basis for starting the process of clustering in the cotton-textile, sewing-knitting industry served. Regarding the clustering of economic networks in the period after the adoption of this Decision a number of decisions were made, as a result of which today clusters managed to become one of the leading organizational structures of economic development.

Literature review.

Analysis of views related to the clustering of the national economy allows to divide them into the following groups:

The first, based on the ideas of Alfred Marshall, relies on the efficiency of agglomeration and integration resulting from the joint use of common resources. According to this theory, a cluster is a group of interconnected networks that have a common goal and are formed using a common local labor market, resulting in efficiency.

The second is based on the theory of Michael Porter (2003), which is explained by the high level of competitiveness of firms, which is achieved by the efficiency of production interactions in regional network clusters. In this concept, the geographical proximity of firms is explained by many factors: the availability of savings in agglomeration, urbanization, connections in the value chain, innovation, etc. [1]

Third, the theory of industrial (technical-economic) clusters, based on perceptions of relations between suppliers in the value chain, social and other factors, inter-industry technological relations (Official Report, 2006). [3]

Problems in the implementation of the cluster approach can be divided into two groups: general problems in the implementation of the cluster policy and problems arising from the characteristics of the socio-economic situation in a country or a certain region.

The main differences that make the implementation of cluster policies difficult are the differences between the networks, locations and organizational structures of the clusters.

According to Lizunov, Metelev and Solovev (2012), we can show that the goal of network clustering and its development is to ensure competitiveness by creating certain organizational conditions. It sees the application of the best strategies as a means of accelerating regional development. [4]

The purpose of creating clusters is to produce a finished product with a high added value based on the integration of production, infrastructures (education, consulting,

certification, etc.) and other services in a single technological chain. [2]

Management agencies at different levels try to use the experience of "best practices" in clustering based on work done abroad. Therefore, a pressing problem for cluster policy makers is the dilemma of "best practices", since measures that have been shown to be effective in one case for cluster development may be ineffective in another case. It is clear from this that it is necessary to assess the feasibility of using the instrument of cluster policy in the given situation.

In addition, the pursuit of the same goals causes another problem - the development of the cluster in only one direction. Management bodies try to form innovative clusters to increase the competitiveness of the region, but the issue of the existence of real opportunities to do this is often left aside. It is desirable for regions to invest in technologies based on available resources and capabilities.

Research methodology.

The study is based on scientific research, which is analyzed through the methods of abstraction, analysis and synthesis. Also, the economic policy of the state regarding clusters is highlighted through the deduction method.

Analysis and discussion of results.

One of the problems with clustering is its politicization. Many regions are using clusters as a modern brand. There are also cases of calling an industrial structure a cluster in order to attract attention and investments to it. It is no exaggeration to say that such clusters belong to the "politically supported" category. Their activity is evaluated not based on the results of deep economic analysis, but in terms of political ambitions. As a result, it will not have an economic competitive advantage, which is an important condition for development today. Unfortunately, "pseudo-clusters" of this category are included in regional development programs, but their development is slow or not developed at all.

The next difficulty in the development and implementation of the cluster policy is that it should unite and connect the interests of the

various parties involved in the clustering process, encourage and motivate the development of the parties taking into account different, sometimes conflicting interests. In addition, cluster policy applies at different levels of government and their coordination is required (Markov, 2007).

Taking into account that the cluster approach is not sufficiently developed in Uzbekistan, it is appropriate to analyze the cluster initiatives of developed and rapidly developing countries in order to identify the main limitations or limits in the successful implementation of the cluster policy.

One of the important issues in clustering programs is how many of them there should be, as well as the issue of choosing a clustering model. Without scientific analysis, there cannot be an accurate way to know this number and model. Determination of the optimal number of clusters is carried out as a result of scientific analysis of a complex of several indicators [10].

In terms of the organization and implementation of clusters, as well as the obtained economic efficiency, the developing countries, in particular, the CIS countries, are achieving high results. At the same time, there are objective obstacles to the adoption and

implementation of cluster policies in developing countries, which cannot be denied.

Stockholm (Sweden) Center for Strategy and Competitiveness researchers, as a result of scientific research, divided the initiators of clusters into three groups: government, business representatives and "donor" organizations (international funds). The concept of the initiator reflects the concept of the financier of the project. However, in terms of financing, the governments of the CIS countries act more passively than in developed countries. Therefore, a large share of the main initiators of clusters in many CIS countries is accounted for by business representatives. The important thing is that in the initial stages of the development of clusters, the role of authorities is significant. Deeply aware of this, state bodies are taking the main stage in the organization of clusters, especially cotton-textile clusters in our country, and they can be called the main initiators. In particular, Annex 1 of the Resolution No. 230 of the Cabinet of Ministers of the Republic of Uzbekistan dated March 18, 2019 "On Measures for the Further Development of Cotton-Textile Production" [6] contains a list of cotton-textile clusters to be established and expanded in the Republic and the land areas allocated to them. . (Table 1).

Table 1

In the first stage of clustering (2016-2019), the list of regions where cotton-textile production clusters will be established and expanded from cotton raw materials (Decision, 2019)

No	Region, district	Organizers of cotton textile production	Land area (ha)*
I. Organized cotton-textile production release clusters			
1	Republic of Karakalpakstan, Beruni district	" Beruni cluster " LLC	10 275
2	Bukhara region, Bukhara, Jondor and Romitan districts	" WBM Romitex " LLC	26,200
3	Jizzakh region, Zafarabad district	" Jizzakh Kentex " LLC	8 100
4	Jizzakh region, Dostlik district	" Sangzor -textile " LLC	11,000
5	Samarkand region, Pakhtachi district	"Ziyovuddin textile" LLC	8 170
6	Samarkand region, Pastdargom and Nurabad districts	"Samarkand Kamalak Invest" LLC	10,934

7	Samarkand region, Katakurgan and Nurabad districts	"Kattakurgan Cluster" LLC	11 044
8	Samarkand region, Payariq and Jomboy districts	"Samarkand Cotton Cluster" LLC	13,859
9	Samarkand region, Okdarya district	"Korea-Samarkand" LLC	5 300
10	Surkhandarya region, Uzun and Altinsoy districts	" Shashmohkashab " LLC	6 572
11	Surkhandarya region, Angor and Kyziriq districts	"Surkhandarya Agro Service" LLC	6000
12	Surkhandarya region, Zharkurgan and Kumkurgan districts	Termez Jayhun Cluster " LLC	15,582
13	Syrdarya region, Saykhunabad district	" Poly Tex Sirdarya " LLC	3 030
14	Fergana region, Baghdad district	" Fergana Spinning " LLC	5 200
15	Fergana region, Beshariq district	" Besharik textile " LLC	8,000
16	Khorezm region, Khazorasp district	" Great Cotton Export " LLC	2 400
17	Khorezm region, Khiva district	" Khiva Cluster " LLC	5 688

II. Expandable cotton-textile production release clusters

18	Jizzakh region, Sharof Rashidov district	" Jizzax Industrial Textile " LLC	800
19	Kashkadarya region, Karshi district	" Sultan Teks Group " LLC	4,800
20	Kao'kalarya region, Kasbi district	Indorama Kokand Textiles LLC JV	10,700
21	Namangan region, Pop district	" Namangan Cotton Towels " LLC	10 302
22	Samarkand region, Narpay district	"Marokand Sifat" LLC	3 717
23	Samarkand region, Akdarya district	"Marokand Sifat Tekstil" LLC	500
24	Fergana region, Furqat district	" Cloud Textile " LLC	5 425
25	Jizzakh region, Pakhtakor district	" Silverleaf BMB Agro Trade Group " JV	9 350
Total			202 948

It can be seen from the information of the above table, given in the section of our regions, that the number of clusters in the regions and

the areas allocated to them are significantly different from each other. A total of 49,307 hectares of land is allocated to 5 cotton-textile

clusters in Samarkand region, while 3,030 hectares are allocated to the cluster established by the same decision in Syrdarya region. Factors such as the material and technical base of economic operators, potential, planned projects, conditions and economic potential of the regions were taken into account.

Basically, it is possible to negatively evaluate the fact that the republican level bodies are taking the initiative, and the territorial management bodies are acting slowly in this regard.

The analysis shows that the degree of centralization of cluster policy in developed

countries is different. Cluster initiatives in the USA, Germany, India and China are based on local governments. Great Britain, France, Scandinavian countries, and in countries with developing economies, central government bodies have an advantage in the formation of cluster policy. [8]

One of the developed countries of Europe, the Netherlands with a highly clustered economy has achieved an increase in the share of high value-added products due to the integration of agriculture with industry. (Table 2) [7]

Table 2 *

A comparison of the integration of agriculture with industry in the Netherlands and Uzbekistan

States	population, million people	Plowed land, thousand ha.	Production volume of agricultural products	
			US dollars	At the expense of 1 hectare, US dollars
Uzbekistan	34.5	4 400.0	13.2 billion	3000
The Netherlands	16.0	1 038.4	131.0 billion	131,000

*Data are averaged for 2020-2022

As can be seen from the above table, compared to our country, the Netherlands has 4.35 times less plowed arable land and produced 10 times more products in terms of value. Such a result is the result of the high level of clustering of the economy and the fact that the state is taking organizational measures in this direction.

A comparison of cluster policy between countries shows that there is a degree of centralization and territorial commonality between them: in small countries it is conducted at the national level, and in large countries at the regional level. National cluster policy is necessary in countries undergoing major economic reforms, and it has proven to be the main instrument of economic development in many Eastern European countries.

Territorial bodies have a great role in the formation of clusters, because economic, socio-cultural, infrastructural and other characteristics of the region and trends are determined in time only as a result of internal analysis. At the same time, small and medium-sized business entities, which occupy the main

place in the cluster, will not be in a position to establish deep and effective relations with the authorities at the republic level.

Regional and local authorities have up-to-date and complete information about the activities of enterprises, they are able and interested in establishing organic relations with the local business community and cluster participants. Representatives of regional government, science and business will be active in quick response to local challenges and in solving common regional problems.

Organization of economic zones and technological parks in the process of clustering in Uzbekistan has great potential. However, today economic zones and technological parks have diverse fields of activity and cannot be said to be clustered. Clustering activities should be aimed at increasing the innovative potential of the region, attracting investments, and creating favorable conditions for the creation of new business sectors. This is directly related to the implementation of education, infrastructure and other projects. As the problems of these projects, we can point out that there is a great

desire to attract large companies, mainly foreign entities, as partners, along with attempts to give a political tone to decisions related to cluster activities and insufficient consideration of local conditions. Participation of very large companies, so to speak, corporations in the process of clustering is beneficial to the region, but it also causes exploitation, such as the transfer of labor resources from one side to the other, the "swallowing" of small enterprises by a large enterprise, as a result, the flexibility of enterprises and the reduction of the intensity of competition.

In addition to the above, the following "subtle" aspects of clustering policy implementation in countries undergoing large-scale economic reforms can be highlighted:

- underdevelopment of small and medium-sized businesses, low culture of professional corporate management;
- lack of development of the infrastructure supporting entrepreneurship and innovative activities, i.e. informational, organizational and legal support;
- insufficient development of cooperation between entrepreneurs and scientific and educational institutions;
- low level of mutual trust between subjects of economic activity, mainly between business representatives and state organizations;
- to recognize that the cluster's organization and development are based on factor conditions (mainly, the ability to have cheap resources). [8]

One of the expected results of the clustering of certain sectors of the economy is the diversification of the export composition. As the main export-related problem in the economy of Uzbekistan, we can show that it is dependent on the export of natural resources, energy sources or raw materials. In recent years, the state has been making efforts to develop industries such as processing, services, textiles, and construction, but energy resources and precious metals continue to have a large share in exports. The price of these types of products and the decrease in demand for them can have a very negative impact on the economy of Uzbekistan.

The competitiveness of the finished and semi-finished products production sectors of the economy is insufficient. When problems arise in the commodity sector, other sectors do not have the ability to support the economy. As a result, the probability of negative situations such as a drop in industrial production, an increase in unemployment, and a decrease in wages increases. Considering that the main products of export, such as energy sources and precious metals, belong to state organizations at the republic level, it can be understood that the above negative situations affect the entire country. Therefore, as one of the expected results of clustering, it can be stated that the diversification of the export structure in the country's economy, reducing its dependence on certain sectors and industries.

Conclusions and suggestions.

It can be concluded from the theoretical views, a brief analysis of the work being carried out, the indicators and methods of foreign countries, that regional production clusters should be a form of integration and support of small and large (medium) businesses. That is, it is appropriate to complement the traditional macroeconomic and sectoral approaches to the development of small business and private entrepreneurship with regional approaches manifested in the form of the formation of production clusters. From this point of view, the regions We believe that the clustering policy should include the following directions:

- determining and monitoring the state of development of economic clusters at the regional level, including determining the structure of the cluster, regional localization of its individual links, joint financing of analytical research of development prospects in the foreign market, assessment of the impact on the region and the social sphere;
- formation of a communication platform, platform for potential participants of regional clusters, including their integration into the processes of development and discussion of regional development strategies, provision of experience exchange of regions in the formation of cluster policy;

- implementation of action programs of participating enterprises to enter the foreign market, conducting joint marketing research and advertising activities, implementation of educational programs in coordination with the main participants of clusters, creating opportunities for cooperation and communication of enterprises and educational institutions;
- development of information and communication infrastructures in the regions;
- formation of an institutional environment for the development of regional economic clusters.

The process of economic clustering in the above-mentioned directions ensures the timely identification of its inefficient forms, the creation of new jobs at the expense of directing existing resources to the most effective projects, and the production of high value-added products.

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