

**MECHANISMS FOR ENSURING THE EFFICIENCY AND
COMPETITIVENESS OF REGIONAL INDUSTRIAL ENTERPRISES IN
THE ERA OF THE DIGITAL ECONOMY**

Kholboyev Javohir Shavkatvich

Karshi State University

Department of Economics Student of
Finance and Financial Technologies

Khayriddinov Shukhrat Botirovich

Teacher of the Department of Economics

E-mail: vip.khayriddinov@mail.ru

orcid.org/0009-0002-3139-8034

Abstract

The regions play a crucial role in the development of a nation's economy. Strengthening vertical integration is one of the key prerequisites for achieving balanced economic growth, as each region must develop its productive forces based on its mineral and resource potential. The rational distribution of industrial capacities in line with regional characteristics fosters sustainable economic development. In particular, the expansion of small business and private entrepreneurship, enhancement of export potential, and strengthening of diversification policies ensure the stability and resilience of regional economies.

Keywords: regional industry, regional development, market economy, resources, production, national economy, integration, potential, market conjuncture, strategic program, economic zone, industrial zone, diversification, mineral resources, optimization, sustainability, subsidies, investment, innovation.

Introduction

Under the current conditions of rapid socio-economic reforms in Uzbekistan, the development and implementation of a scientifically grounded regional policy play a decisive role in ensuring the effective functioning of the economy and the efficient utilization of available resources. Regional factors significantly influence the nature and direction of economic reforms, the pace and proportions of the development of productive forces, and the acceleration of structural transformations within the

economy.

Researching the regional development issues of industrial sectors the driving force of national economic progress and formulating scientifically justified proposals for the rational spatial organization of industrial production constitute one of the key priorities in the context of economic liberalization.

At the new stage of global economic development, modern digital technologies are increasingly viewed as a decisive factor in improving social welfare and industrial efficiency. Today, organizations, particularly those operating in the real sector of the economy, can achieve success in a digital economy only through the effective use of information technologies and digital systems. The digitalization of enterprises, which relies on modern production methods, fundamentally transforms the quality of decision-making in technological and management processes. This transformation enhances productivity, transparency, and competitiveness — the main drivers of enterprise sustainability and long-term growth. The digital transformation of industrial enterprises possesses a set of unique features that require the development of well-defined and adaptive strategies. The ability of enterprises to select and implement effective digital strategies determines their operational consistency, resilience, and overall competitiveness. Ongoing large-scale reforms in Uzbekistan have strengthened the principles of transparency and expanded international economic relations. Consequently, new opportunities have emerged for the modernization of industrial sectors and the technical and technological re-equipment of production. In this context, the digital economy has become an essential tool for generating added value, with digital information technologies playing a critical role in the strategic development of industries.

Therefore, the successful implementation of digital manufacturing, the formulation of appropriate digital strategies, and their integration into industrial management systems are of particular importance for improving efficiency and ensuring sustainable industrial competitiveness in Uzbekistan's regional context.

Analysis and Results

In Uzbekistan, a new model of innovation-oriented economic development is being formed. As emphasized by the President of the Republic of Uzbekistan, Shavkat Mirziyoyev, the year **2017** marked the beginning of a new stage in the country's development. Due to the comprehensive measures implemented in that year, the national economy achieved a **stable growth rate of 5.3 percent**, while exports

increased by **15 percent**. The **positive trade balance** reached **854 million USD**, and **gold and foreign exchange reserves** amounted to **26.5 billion USD**.

Currently, **12 free economic zones** and **45 industrial zones** are operating across the country. The development of new enterprises, small businesses, and private entrepreneurship led to the creation of **336,000 new jobs**. Within a relatively short period, **161 large industrial facilities** were commissioned, enabling the production of an additional **1.5 trillion UZS worth of goods** in the subsequent year [1].

The **main goal of digital transformation** is to create favorable conditions for enhancing enterprise competitiveness and ensuring economic efficiency. From this perspective, enterprises can be classified according to the following characteristics:

- the ability to produce competitive and high-quality products;
- flexibility and adaptability of production and management processes;
- strengthening investment attractiveness;
- establishing transparent and adaptive management systems.

The **rational territorial organization of industrial production** implies the efficient utilization of the opportunities created by the territorial division of labor, the natural and economic potential of regions, and interregional economic relations. This process must take into account the features of a market economy, modern global economic trends, and the interests of both national and regional entities. The goal is to better satisfy the population's demand for industrial products and to ensure the socio-economic efficiency of industrial production in each region.

Nevertheless, **disparities persist** among regions in this area. One of the main reasons is the **low investment activity** of enterprises and economic entities. Differences in the development of **small business and private entrepreneurship** also contribute to regional imbalances.

According to data from the **Statistics Agency of the Republic of Uzbekistan (Stat.uz)**, in **January–December 2023**, industrial enterprises across the country's regions produced goods worth **553.3 trillion UZS**, accounting for **84.4 percent** of the total national industrial output [2].

The state plays a significant role in coordinating and stimulating industrial development in the regions through a set of policy mechanisms and instruments, including:

- constructing infrastructure facilities that serve industrial enterprises using public funds;
- allocating a portion of budgetary capital investments to reduce the costs borne by private investors;
- participating in the establishment of industrial facilities;
- providing preferential loans for industrial construction;
- introducing tax incentives;
- financing the training of skilled personnel for new industrial enterprises through public resources;
- granting benefits and awards for establishing industrial enterprises in economically underdeveloped regions; and
- restricting or prohibiting industrial construction in areas with adverse environmental conditions.

These instruments collectively aim to strengthen industrial potential, stimulate investment activity, and reduce interregional disparities by fostering inclusive and sustainable industrial growth across the Republic of Uzbekistan.

Studies show that in different developed countries, the principles of the distribution of tasks between central and regional authorities in the field of regional policy are unique, and they differ depending on the use of macro [monetary, fiscal and trade policy levers] and micro [direct influence on labor and capital] tools to influence the development of regions at a particular level of management. Based on these circumstances, in our opinion, it is appropriate to use some aspects of the federal system in conducting regional policy in Uzbekistan, taking into account the internal characteristics of our republic.

First, regional policy, in particular, regional industrial policy, should be conducted at the state and regional levels. At the current stage of economic development, the US or Australian model, where state law plays a large role, is not entirely suitable for Uzbekistan, since the differences in industrial development of the regions are much greater than in the countries mentioned above. In this case, only the state can rationally distribute financial resources between regions and thereby ensure economic growth throughout the country, assist backward regions, and alleviate social tensions. This will

lead to a reduction in sharp regional disparities in industrial production. This regional industrial policy is also consistent with the current economic reforms of our country.

Secondly, all regions should have equal rights in using macro instruments - monetary, fiscal and trade policy. It is not advisable to give regions large rights in the field of monetary and trade policy, since this will negatively affect the formation of a single economic zone and a single market at the national level. At the same time, the rights of regions should be broader in implementing fiscal policy. After all, the fiscal policy of the government does not fully take into account regional characteristics. This increases regional inequality.

The main document determining the development of socio-political and economic development of our country for the next period was the "Action Strategy" adopted in five areas [3].

A generalization of world experience in the rational regional organization of industry shows that it is advisable to use them in Uzbekistan in the following areas:

improving the organization of production, increasing the competitiveness of products by providing grants to firms for "know-how" and technologies;

assisting firms in developing alternative plans for their further activities;

providing backward regions with infrastructure, training and retraining of personnel, and establishing social institutions; state support and encouragement of the development of small business and entrepreneurship; and accelerating the creation of free economic zones based on the internal characteristics of the regions.

The problems hindering the economic growth of the regions include the imbalances in the development of the regions and districts, the uneven development of industry, the level of its diversification, the imbalances in attracting investments, the services provided per capita, the imbalances in the formation of state budget revenues, the lack of own revenues to cover budget expenses, the distribution of export volumes, the imbalances in the development of small business and private entrepreneurship, etc. Based on this, the "Action Strategy" program sets out the following for the balanced economic development of the regions and the effective use of their potential:

ensuring the comprehensive and effective use of the natural, mineral and raw material, industrial, agricultural, tourism and labor potential of each region for accelerated socio-economic development, increasing the standard of living and income of the people;

- reducing the difference in the level of socio-economic development of regions by expanding the scale of modernization and diversification of the regional economy, and, first of all, by increasing industrial and export potential;

- active development of small urban-type cities and towns by organizing new industrial production and service centers;
- attracting funds and investments from large economic associations;
- expanding the revenue base of local budgets by accelerating the development of the economy of subsidized regions and cities;
- creating conditions for the placement of industrial and other production facilities, developing private entrepreneurship widely and improving the living standards of the population, and further developing and modernizing the production, engineering, communication and social infrastructure of the regions in order to improve the living standards of the population[4].

References

1. Presidential Administration of the Republic of Uzbekistan. (2017). Address by the President of the Republic of Uzbekistan to the Oliy Majlis. Tashkent.
2. Statistics Agency of the Republic of Uzbekistan. (2024). Industrial Production Indicators. Retrieved from <https://stat.uz/en>
3. The Government of the Republic of Uzbekistan. (2017). Action Strategy on Five Priority Areas of Development of the Republic of Uzbekistan for 2017–2021. Tashkent: National Database of Legislation.
4. Ministry of Economy and Finance of the Republic of Uzbekistan. (2024). Regional Development and Investment Statistics. Retrieved from <https://www.mf.uz/en>
5. World Bank. (2024). Uzbekistan Economic Update: Sustaining Growth through Digital Transformation. Washington, D.C.
6. (2023). Enhancing Industrial Competitiveness through Digital Transformation. Paris: OECD Publishing.
7. (2023). Industrial Development Report: The Future of Industrialization in a Digital World. Vienna: United Nations Industrial Development Organization.
8. (2024). Regional Economic Outlook for Central Asia and the Caucasus. Washington, D.C.
9. Khairiddinov, sh. B. (2023). Some fundamental issues of effective use of budget funds in higher education institutions. Research focus international scientific journal, 2(9), 65-68.
10. Khayriddinov, sh. B., & mengliboyev, s. T. (2023). Individual methods of effective use of financial resources in budget institutions. Research focus, 2(12), 27-32.

11. Khayriddinov, s. (2024). The most important decision aimed at ensuring the effective and accurate use of budget funds in higher education institutions and some considerations about it.
12. Khayriddinov, B. Sh. (2024). Income and losses of higher education institutions in "new uzbekistan". Indexing, 1(1).
13. Хайриддинов, ш., & хидиров, д. (2024). Погляд на экономические итоги деятельности университетов узбекистана. *Journal of science-innovative research in uzbekistan*, 2(12), 673-679.
14. Ganiyev Shahzod Shukhrat oglu, Science Bulletin, Modern trends in personnel training in the digital economy in our country.