

The main directions of cooperation of large and small businesses in industries of Fergana region

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Основные направления кооперации крупного и малого бизнеса в промышленности Ферганской области

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Abstract: *the development of small business and private entrepreneurship - one of the most urgent problems of the economy of Uzbekistan. The paper examined the main directions of cooperation of small and large businesses in the industrial sector of the Ferghana region of Uzbekistan.*

Аннотация: *развитие малого бизнеса и частного предпринимательства - одна из самых актуальных проблем экономики Узбекистана. В статье изучены основные направления кооперации малого и крупного бизнеса в промышленном секторе экономики Ферганской области Узбекистана*

Keywords: *small business, private enterprises, co-operatives, subcontract, business support systems, infrastructure, government support.*

Ключевые слова: *малый бизнес, частные предприятия, кооперация, субконтракт, системы поддержки бизнеса, инфраструктура государственной поддержки.*

The implementation of profound structural changes in the economy Fergana region contributes to the progressive growth of industrial sectors, especially high-performing comprehensive and deep processing of local raw materials, providing on this basis, production of finished and competitive products with high added value. The most important factor to further improve production efficiency, product quality and productivity is the expansion of intra and inter-industrial cooperation. Industrial cooperation provides a dynamic and sustainable economic development, accelerating the introduction of new, efficient technologies in production processes, the use of local raw materials and production resources, an increase on this basis, production of modern competitive products, economical and rational use of foreign exchange reserves, as well as the creation of new jobs and strengthening stability in the domestic market of goods and services [1,4].

In accordance with the accepted practice in international industrial cooperation subcontracting terminology to include the following production activities: manufacture and supply of components and individual components (articles) produced according to the specifications supplied by the customer and it is usually in limited quantities and within a certain time; the design, manufacture and supply of customer nodes, blocks and individual parts (products) in accordance with the agreed terms of reference.

The advantages of subcontracting for large and for small farms listed in tabl.1. Subcontracting gives small businesses the opportunity to move from the simple scheme of added value to its own industrial production. Large enterprises subcontracting to reduce costs and focus all attention on the issue of primary products. Application of a subcontracting will optimize the production process and significantly improve the competitiveness, both at the level of individual companies and the Fergana region as a whole. The mechanism of subcontracting can apply small businesses to organize their own production. In this case, a small business alone produces only sites that carry the key know-how and provides the finishing assembly. All other serial units and parts are manufactured in large enterprises subcontracted. This approach allows small businesses to produce quality products and do not spend money on the purchase of equipment and production space for rent.

Table 1. The advantages of subcontracting for large and small businesses

For contractor	For sub-contractor
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<ol style="list-style-type: none"> 1. A reduction in the cost of the final product due to the relatively low cost of components and services provided by small enterprises, the overhead is lower. 2. A reduction in the size of the investment in fixed assets of production with a low load. 3. Optimize the use of resources. The ability to optimize their own inventories. 4. Forming a more effective and efficient organizational structure. 5. The increase in working capital. 6. Focus on design and development of new products, technologies, development of new sales channels, etc. 	<ol style="list-style-type: none"> 1. Increase the load level of own capacities. 2. Job security personnel. 3. The decision of marketing problems, a significant reduction in costs associated with the implementation that allows the company to sell services at a lower price. 4. The possibility of obtaining technical and technological assistance from the contractor, as well as assist in the implementation of standardization and quality control. 5. Ability to work independently with several customers, both in the country and abroad, and specialize in producing a certain range that allows you to perform more complex orders.
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In the case where the contractor lacks its own capacity to fulfill the order in full, and the creation of additional capacity is unprofitable and undesirable, he can hire a subcontractor to perform the rest of the amount of the order. This form is used when subcontracting instability in orders received by the contractor. In addition, the contractor may use certain services of subcontractors who have specialized equipment and apparatus for the production of complex and highly precise work [2,3]. Such subcontractors have specialized technical skills (technologies) required for certain industrial processes (production), and contractors can use their services. To meet the growing needs of large enterprises in the search for subcontractors and small businesses seeking to provide itself with orders from large enterprises or cooperation with other small firms to produce the final product, you must have the relevant information about potential partners. In order to introduce market mechanisms, strengthening industrial relations between industrial enterprises, assist economic actors in shaping the portfolio of orders for the products of the Ministry of Economy, IBEC, the Chamber of Commerce organized Industrial Fair and Cooperation Exchange in Uzbekistan, forming a portfolio and to pay particular attention to: expansion of inter-sectoral industrial cooperation; strengthening of industrial relations within the industry and stimulate the production of finished end products; promote the upgrading of production of new products; attracting small businesses to develop production units and parts for large businesses; development of production of previously imported components and raw materials on the basis of production capacity and technological processes of domestic enterprises [2].

Regardless of ownership all economic actors often take advantage of participation in the cooperation exchange, including the most important of these advantages for small and private enterprises are the following: increasing specialization to improve the quality of products; effective implementation and use of innovations; stabilization of demand for products; the optimization of the production process; a more complete and efficient use of production facilities and others.

Maintenance of basic production processes of small enterprises is possible in almost all industries. Excretion of repair, construction and repair services, energy services from the primary production through the creation of small enterprises is made to reduce the cost price of the product, as costs of holding such workshops are included in its cost. In this area, the most important inclusion of small enterprises in established supply and sales, marketing schemes of relevant departments of large enterprises.

In a separate group can be attributed industries where small businesses do not have however any significant development prospects: the fuel and energy complex. This is due primarily to the high capital intensity of fixed assets, the large inertia of the investment cycle, the uniqueness of the individual units with a large unit capacity and technological impossibility of separating them from the company. Of special note is the specificity of the chemical complex: high fire and explosion hazard of many chemical processes, environmental hazards, hazardous working conditions, the ability to use technology for prohibited purposes. Consider some features of the development of small business in terms of restructuring of industries as an example of engineering and chemical complexes isolated from the point of view of the availability of sub-sectors related to the above groups. Urgent measures to restructure the machine-building industry is dictated by its general economic situation. According to experts, technology and other aspects of engineering plants quite allow the use of small enterprises in the restructuring of the industry [4].

Main directions of development of small enterprises in the engineering industry include:

- in the automotive industry - the creation on existing and newly organized cooperative MP component manufacturing products under the localization program, the expansion of the dealer network, the expansion of marketing, activation of promotional activities;
- in agricultural engineering - wide involvement of small businesses to participate in the formation of regional engineering companies.

However, some sectors have limited opportunities for the development of a network of small businesses due to technological and industrial features. This primarily refers to the heavy, power and transport engineering, as

well as to certain types of petroleum and chemical engineering, characterized by small-scale production and the individual character and long production cycle. In these industries, small businesses will be presented mainly in the domestic sector, trade, transport and in the production of goods for the population.

Achieving the goals of structural changes in production due to the intensification of industrial policy and objectives for the deployment of the process of translation companies in the current economic conditions using the positive potential of entrepreneurship and the international experience of its organization. It is proposed to implement the following set of measures:

A. Improving the regulatory and legal framework:

1. Orientation of sectoral restructuring strategies of large industrial associations and enterprises in the direction of greater involvement of small business and entrepreneurship.

2. Update the legal and regulatory framework of special articles, regulates and promotes the interaction of small and large businesses.

3. Introduction of special types of benefits aimed at encouraging large-scale production of interaction with small businesses, as well as the creation of new small businesses in the process of restructuring. Excluded from the tax base of the property for business property and land transferred (leased) in the use of small businesses, to establish tax breaks on property companies in making their assets (production assets) as a contribution to the share capital of small businesses.

B. The development of industrial cooperation:

1. Analysis of the use of state property in the industries. Rosters of unused property (buildings, structures, premises, facilities, land acquisition, equipment, etc.), recommended for sale, transfer, lease, temporary use, maintenance or other forms of temporary or permanent exclusion in favor of small business.

2. Changing standards removal of production capacity in reserve. Production capacity, expertly evaluated as possible for use in small business should be displayed in reserve only for a limited period and subject to their inclusion in the above public register.

3. Develop guidelines for the management of large enterprises in the interaction with small businesses (management, financial control, personnel policy and so on.).

4. As part of the program of state support of small business and entrepreneurship event for the development of a system of legal consulting and legal assistance (assistance in drawing up contracts and cooperative agreements, protocols disagreements on contracts, claims to represent the interests of small businesses in the court, the amount of damage assessment, etc.).

5. Drawing the attention of the public support of small business to the problem of industrial cooperation small and large businesses.

C. Development of leasing, franchising, venture financing:

1. To adopt appropriate legislative and normative acts governing the procedure for the establishment and functioning of specialized, institutions.

2. The development of retail lending schemes that establish small businesses in providing loans personal funds and property or guarantees funds to support small businesses or large enterprises interested in cooperation relations with new small businesses.

3. Development of infrastructure to support small enterprises, created on the basis of vacancy of large enterprises, using the mechanisms of tax concessions for land and property tax, special rental rates, the equity and others.

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