

**STATISTICAL ASSESSMENT OF THE PROSPECTS FOR THE ACTIVITIES OF
THE CLUSTER “PRIVATE ENTREPRENEURSHIP”**

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Abstract. This article presents conclusions on the formation of a competitive environment in the management practice of personal business entities in the context of economic modernization.

Key words: Personal business, competitive environment, modernization, inflation, consumer prices, favorable business environment, personal enterprises and microfirms.

Annotatsiya. Ushbu maqolada iqtisodiyotni modernizatsiya qilish sharoitida kichik biznes sub'ektlarini boshqaruv amaliyotida raqobat muhitining shakllanishi bo'yisha xulosalar keltirilgan.

Tayanch tushunchalar: kichik biznes, raqobat muhiti, modernizatsiya, inflyatsiya, iste'mol narxlari, qulay ishbilarmonlik muhiti, kichik korxonalar va mikrofirmalar

Аннотация. В статье представлены выводы по формированию конкурентной среды в практике управления субъектами частного предпринимательства в условиях модернизации экономики.

Ключевые слова: Частное предпринимательство, конкурентная среда, модернизация, инфляция, потребительские цены, частные предприятия и микрофирмы.

Introduction

Increasing the competitiveness of the economy of the Republic of Uzbekistan is one of the main tasks for economically developing countries. In order to ensure economic growth and organize more effective use of production factors, management methods from foreign countries are continuously used. One of the most widely used methods of economic development in developed countries is the cluster approach.

It should be noted that today we encounter the word "Cluster" in various fields of science. Based on this, "The word cluster is derived from the English word "cluster", which means a group, association of various things or people. In economics, a cluster is understood as a territorially close and functionally interconnected group of various entities, that is, organizations, production and service enterprises, research and educational institutions"¹.

¹ Porter M. Clusters and the new economics of competition. // Harvard Business Review. Nov/Dec, 1998, vol.76, issue 6. -P. 77 .

Material and Method

The cluster approach to managing the economy of developed countries is a new management technology, which creates an opportunity to increase the competitiveness of a particular region or sector, as well as the country as a whole. The concept of a business cluster was first introduced into economic theory by Michael Porter. According to Michael Porter's theory, a cluster is a geographically located, interconnected group of companies, specialized suppliers, service organizations, firms in certain industries and organizations related to their activities (for example, universities, standardization agencies, as well as trade associations), which simultaneously compete with each other, but at the same time work together. Michael Porter proved that clusters affect competition in three ways :

- First, it serves to increase the productivity of companies that are part of the cluster;
- two- dimensional , creates new ideas;
- It creates opportunities for new business ideas and plans to emerge.

Michael Porter: “In the modern global economy, comparative advantage is not in directing financial resources to heavy production, but in managing science and education, which allows for the constant renewal of innovations. However, in the economic literature we encounter three definitions of the concept of a cluster:

1. Cluster is a territorially limited form of economic activity within related sectors attached to scientific organizations.
2. Clusters are vertical production chains, narrowly defined industries, where complementary stages of the production process form the core of the cluster (for example, a raw material supplier-manufacturer-seller-consumer cluster). We can include networks organized around a head office in this category .
3. Cluster – industrial sectors with high aggregation (for example, a chemical cluster or an agro-industrial cluster with even higher aggregation). Clusterization, which creates conditions for increasing competitiveness and accelerating activity in industrial sectors, makes it possible to meet the modern requirements of global competition and national and regional development. A distinctive feature of a cluster is that it forms a targeted entrepreneurial activity and each element included in it participates in the chain of production of the final product. According to the structure, economic clusters are divided into geographical, sectoral, horizontal and vertical types. Knowledge and science with to the dependence according to and :
 1. High technological cluster .
 2. Historically know-how-based clusters.
 3. Factor based on clusters .

4. Clusters providing knowledge services with low production costs clusters”² .

Today, clusters are one of the types that have a positive impact on the rapid development of activity in countries with the highest efficiency. “A cluster is a group of interconnected companies and organizations operating in the field of various innovations and technologies, geographically close to each other, and in industry clusters a new product or service depends on the efforts of several firms or research institutes. However, there is an opportunity to reduce costs in the production process, widely implement the results of scientific research into practice and production. Today, much attention is paid to the cluster approach to economic management in many countries of the world. We can include the following as the distinctive features of clusters”³:

- “ The cluster system is a weak system. Because it can include various clusters (construction, oil and gas, medical, etc.) that are interconnected through the process of activity in the territory and aim to create and disseminate innovations in this area;
- As a result of the activities of cluster participants, innovations are created not only in production, but also in management, organization, social work, and various other areas;
- At first glance, cluster participants have a single development concept and are united by a single process, in which each participant performs a strictly defined task;
- To establish a cluster, there must be a sufficient number of organizations in the industry, as well as competence, technical capabilities, logistical routes and communication channels, and a system of relationships that enable sustainable development;
- The interaction between cluster participants is built on the basis of cooperation and competition. This creates conditions for using the main capabilities and achievements of the participants in achieving a common result, creating a successful cooperation system. The cluster approach to economic development is widely used in the USA and European countries. The economies of Northern European countries are covered by clusters, and the economy is led by woodworking, biotechnology, pharmaceuticals and communications clusters. In Germany and the UK, biotechnology clusters are widespread, in France, food and cosmetics clusters, and in Italy, half of the population employed in industry is in industrial clusters. The United States⁴ leads the world in the number of clusters in the industrial sector and industry. In the United States, the cluster approach is considered the basis of the strategy for managing regional economies, and American clusters are distinguished by the fact that they are based on the principle of cooperation and commercialization of scientific research and experimental design work. Despite the fact that clusters have been developing in the United States for several

²Porter M. Clusters and the new economics of competition. // Harvard Business Review. Nov/Dec, 1998, vol.76, issue 6. -P. 77 .

³Altenburg T., Meyer -Stamer J. How to promote clusters: policy experiences from Latin America. // World Development, 1999, 27 (9) .

⁴ Altenburg T., Meyer -Stamer J. How to promote clusters: policy experiences from Latin America. // World Development, 1999, 27 (9) .

decades, it should be noted that even today the country does not have a single model, a single cluster policy that would define all the characteristics of clusters.

M. Porter, the founder of the cluster development theory, stated that clusters bring the following advantages to the US economy:

- It increases the effectiveness of traditional economic policies in terms of education, scientific research and development, export support, and attracting foreign direct investment;
- It creates the basis for rapid economic growth;
- It creates conditions for the joint activities of the private sector, trade associations, government, educational and research institutions;
- It is a mechanism for constructive dialogue between business and government;
- It brings together all types of firms, as well as representatives of medium and small businesses ;
- Modernization of clusters will improve the competitive environment, etc.

Results

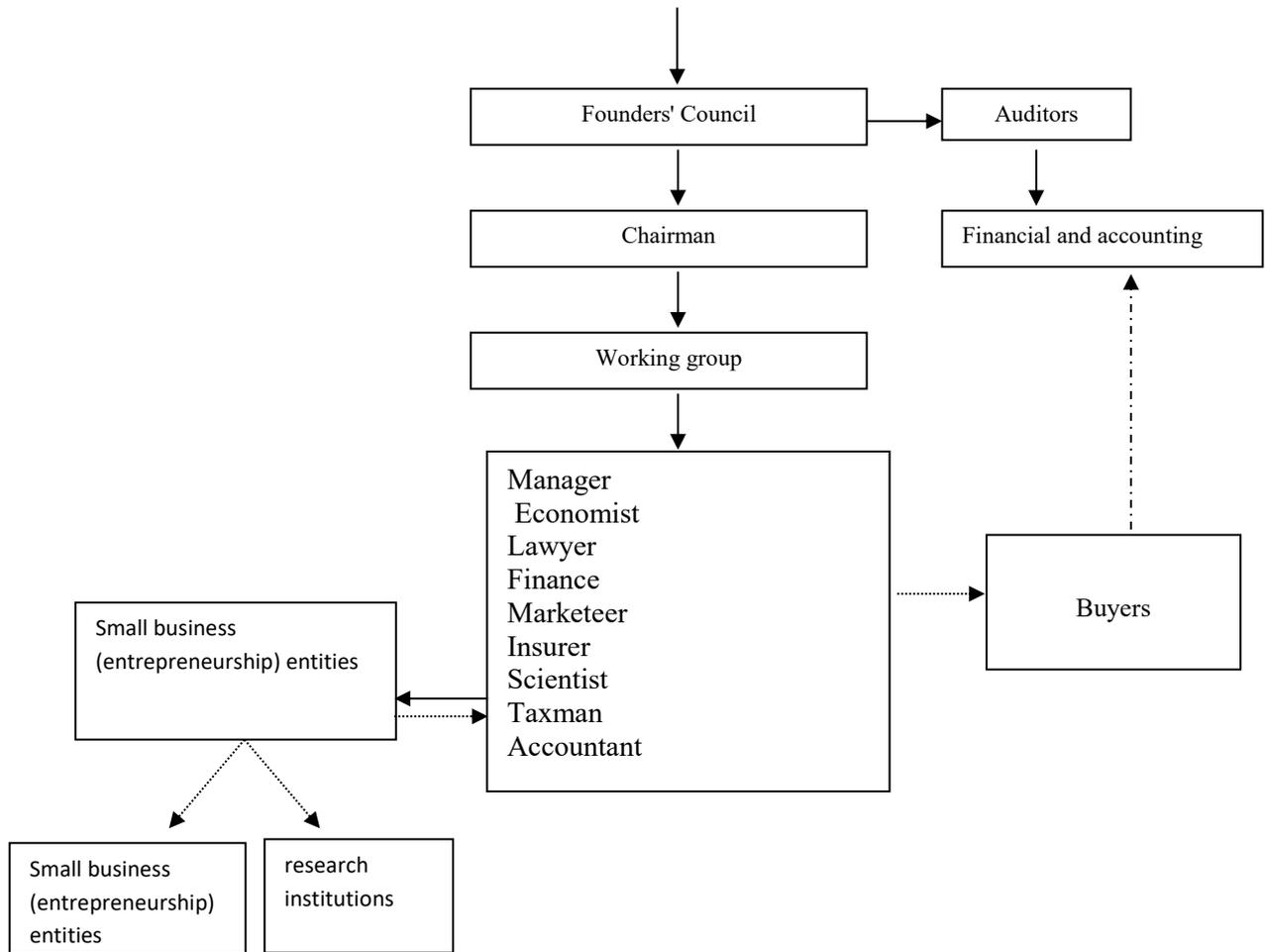
The US economy ranks first in the world in terms of cluster development, and although there is no single, common federal model for identifying industrial clusters in the country, there are clearly developed mechanisms for forming and supporting clusters.

The effective management of a cluster largely depends on the rational organization of relations between entities. These entities include:

- cluster members (small businesses, small business enterprises, and research institutions);
- The Constituent Assembly of the cluster, based on the principle of transparent management ;
- work group

The cluster member is a small business entity, whose supreme governing body is the "Founding Council", which is based on transparent principles and is composed of representatives of small businesses. It is advisable to appoint the chairman or head of the board of directors of small businesses to the founding council. One of the members of the founding council is elected as the chairman of the cluster for a period of one year. The council and its chairman work on a voluntary basis (his monthly salary is withheld from his main job) .

Cluster members:
-Small business (entrepreneurship) entities (by type of activity)
- Small business (entrepreneurship) enterprises
- Research institutions



- production and service flow;

- flow of products and services;

- cash flow.

Figure 1. Model management structure of the ⁵proposed “ Small Business ” cluster .

The Constituent Assembly mainly performs the following tasks:

- ensuring the timely delivery of material and technical resources in the specified volume;
- ensuring that production and service provision are carried out in a high-quality and required volume;

Provide recommendations on developing products that meet market requirements ;

- helping small businesses obtain loans from banks;

⁵ Source: Compiled based on the author's research results .

promoting the sale of products grown by small businesses;

- protection of the rights of member micro-firms, enterprises, and individual entrepreneurs;
- organize rational and correct use of tax incentives for small businesses;
- providing cluster members with the information resources necessary for their activities.

At the end of each quarter of the year, a meeting of the Council will be held. The decisions made by the Council are binding on the enterprises of the cluster, members - micro- firms, individual entrepreneurs. The decision of the Council is considered adopted with the consent of two-thirds of the members of the Council.

The implementation of the tasks assigned to the council is monitored by a working group. The working group consists of 8-10 qualified specialists, recruited on the basis of a competition announced by the decision of the founding council. After passing the selection committee (members of the founding council), they sign an employment contract with the chairman of the council, this contract is usually concluded for a period of two years, covering the period of production and sale of products. Members of the working group work on a salary basis, their salaries and incentives, as well as maintenance of the cluster and other current expenses, are covered by funds formed as a result of transferring a certain percentage of the proceeds from the sale of products, services provided and activities to members - micro-firms, enterprises, individual entrepreneurs - to a special account of the cluster. In addition, the working group members can be financially motivated for good work organization, and if the opposite happens, that is, if one of the cluster members is not satisfied with their services, the contract can be terminated early. It is good to include a scientific worker, manager, economist, financier, lawyer, insurer, tax specialist and marketer in the working group.

The cluster chairman - hires and manages the working group members, represents the interests of cluster members in state and local government offices, and reports to the founding council on the cluster's annual management activities.

The manager is the sole and trusted representative of the enterprises that are members of the cluster. He coordinates production and economic and social relations inside and outside the cluster, ensures the timely and necessary delivery of material and technical resources, services to small business entities. He participates on behalf of small business entities that are members of the cluster in the sale of finished products through various channels.

A manager is a person who negotiates sales contracts with product buyers and is responsible for product price, quality, terms, delivery volume, deadlines, and other similar issues.

An economist is a person responsible for organizing the production and service processes of small businesses. He or she must be responsible for selecting products that ensure the production of products within the framework of market demand, creating the basis of the cluster of complementary stages of the production process in small-scale industries, creating conditions for using the main capabilities and achievements of participants, and ensuring the successful implementation of a system of cooperation with small businesses (entrepreneurs).

A marketer is a person who performs tasks such as the level of prices formed in the market for products created during the production process and services provided, the volume of supply and demand based on market conditions, sales channels, competitors, and advertising of works, services, and goods.

A **lawyer** should be the correct implementation of bilateral contractual relations within and outside the cluster on a legal basis, ensuring equal rights for enterprises that are members of the cluster, protecting the rights and interests of cluster members in legal bodies and courts, providing legal advice on issues related to their management activities, and so on.

A **financier** must be able to maintain calculations and reports within and outside the cluster, and protect the interests of cluster members in financial institutions.

Relations within the cluster are concluded on a contractual basis. Small businesses (entrepreneurs) that are members of the cluster, unlike other similar entrepreneurs, have a higher right to use the services of service structures that are members of it. Material and technical resources and services are supplied, first of all, to entrepreneurs who are members of the cluster on a preferential basis.

Enterprises that supply material and technical resources in internal and external contractual relationships undertake to deliver the resources required for product production in the amount required, within a specified period, in exchange for low markups.

The manager is responsible for fulfilling the demand for services related to the service provider company on time, with high quality, and in the required quantity.

At the same time, the cost of the portion of the products produced by small businesses, proportional to the value of the low profit margin and minimized markups, should be transferred to service structures in kind for the services provided by them.

Insurance - ensuring reliable and flawless protection of small businesses, comprehensive support and eliminating obstacles to their rapid management.

The tax administration should reduce administrative obstacles, reduce the level of interference in small business (entrepreneurship) activities, and ensure the protection of the rights of entrepreneurs.

A **research scientist** is a person who makes suggestions and recommendations on improving the organizational and legal conditions for managing the activities of small businesses.

The accountant is responsible for the equal distribution of wages, material rewards, and in-kind goods to the cluster members for their participation in these processes.

The proceeds from the sale of products and the remaining part of the services provided are sold to the members of the working group through sales channels that are considered appropriate and allow the cluster members to get maximum profit. The proceeds from sales are accumulated in the Financial Accounting Center (FAC), established on the basis of the cluster and subordinated only to the founding council and directly controlled by the council through the use of independent auditors hired by the council.

Discussion

The distribution of net profit remaining after payment of monetary and material costs, wages, taxes and mandatory payments, and interest on bank loans from the proceeds from the sale of

final finished products and services is distributed in proportion to the participation of cluster members in its creation.

In order to increase the responsibility and interest of manufacturing and service enterprises, as well as research institutes and educational institutions in the production of products, 20 percent of the total value of the resources supplied and the services provided will be paid at the end of the year. This mechanism is used to compensate for lost products due to failure to deliver resources on time and in the required volume or to perform services at the required level.

As noted above, the opportunity to receive a certain part of the produced items in kind at cost, and on the other hand, the transfer of a portion of the net profit received as a result of the timely and necessary supply of resources and services as a reward, proportional to their participation in the production of the product, encourages the participation of resource-supplying enterprises and service-providing structures in the cluster.

Conclusion

In conclusion, in order to ensure the continuity of reforms carried out in the context of economic modernization, as well as to improve private ownership mechanisms, increase production efficiency, and improve the management system, it is advisable to strengthen restructuring processes based on the experience of developed countries. The results of the scientific article show that competitiveness and restructuring processes are inextricably linked categories.

Conclusion

Restructuring means a comprehensive restructuring and improvement of the efficiency of the sector, enterprise, firm, and small business entities. Restructuring of small business entities is aimed at specific goals and can be generally divided into three groups:

- organizational restructuring, in which, in order to overcome various adverse situations in the activities of industries, enterprises, and small businesses, it is necessary to improve the management system, change production lines, divide into various small market-oriented sectors, etc.
- financial restructuring, i.e. effective use of financial resources, identification of new financial sources, and increased attraction of bank loans and investments;
- functional restructuring, this type of restructuring covers a wide range of issues, namely, the supply of raw materials, technological processes, labor productivity, production efficiency, etc. in the activities of small businesses.

In general, the goal of strengthening restructuring processes in small businesses is to increase the value of business. So, as noted above, the concepts of "competitiveness" and "restructuring" are closely related to each other. Thus, the processes of "competitiveness" and "restructuring" should be carried out in all aspects of the economy of our republic, complementing each other. For this, in the Republic of Uzbekistan, all the necessary infrastructure and opportunities have been created, especially for the management and operation of small businesses.

Finally, it is necessary to ensure that the share of small businesses in the regions in the GDP generated throughout the republic continues to grow in the future.

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