

## THE ROLE OF FOREIGN EXPERIENCE IN THE RESTRUCTURING OF INDUSTRIAL ENTERPRISES IN UZBEKISTAN

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**Annotation:** the article describes the practical aspects of the restructuring of industrial enterprises. The factors, triggers and reasons for which the process of restructuring is carried out in the industrial enterprises of Uzbekistan are analyzed. The features of foreign experience in the restructuring of the industrial sector in China, the USA and Germany are considered.

**Key words:** restructuring, complex change, enterprises, industrial enterprise, industry, industrial sector, external and internal environment, industrial products.

Restructuring is a process of complex change in the functional activity of an enterprise, the purpose of which is to adapt to changes in the conditions of the external and internal environment, as well as to increase the competitiveness of your business. The key words in this definition are the external and internal environment, which have an important impact on the activities of any commercial organization. Depending on this, the process of restructuring the enterprise is planned, including those changes that have occurred or are expected in the future period. To date, it is difficult to determine the answer to the following question: what factors and triggers have the greatest role in influencing the process of restructuring an industrial enterprise?

The analysis of factors will identify the key triggers and trends that form the very reasons why the management of an industrial enterprise is obliged to take the step of restructuring its organization.

Thus, the external environment of an industrial enterprise provides the following factors that have an impact on the restructuring process:

- technologies, innovations and development of practical science, the results of which are used in the formation of new industrial products of enterprises;
- sales markets and behavior of consumers of industrial products;
- condition of the commodity market and the price environment for materials for industrial production;
- condition of the labor market;
- condition of financial markets;
- terms of monetary products;
- legislative base, customs and budget policy of the state, especially for those industrial enterprises that take an active part in foreign economic activity;
- the position of the regional market and the country's economy in the international market of industrial products.

The internal environment of an industrial enterprise involves the influence of the following factors:

- production cycle at the enterprise;
- the process of selling finished products;
- financial policy of an industrial enterprise;
- Resources and development;
- investment policy of an industrial enterprise;
- human resources and availability of qualified personnel;
- supply of raw materials and materials;
- interaction of the company with interested parties (stakeholders); - management apparatus of an industrial enterprise.

It is the state of the external economic market conditions and the interaction of an industrial enterprise with various stakeholders, including business owners, managers, staff, creditors, consumers and others, that

plays an important role. At the same time, not all environmental factors are subject to the influence of even large industrial corporations, which means that the only way out in such a situation is adaptation to new conditions, which is the main reason for the process of company restructuring. If we talk about managing changes in the internal environment, then the level of influence of management decisions is high. In the hands of the management of an industrial enterprise, there are numerous tools and models for managing changes in the internal environment, the result of which is to improve the functionality of its activities, which leads to the achievement of goals during restructuring.

However, the domestic practice of managing the restructuring of enterprises in the industrial sector of Uzbekistan is not always successful and it is advisable to pay attention to the experience of countries with developed industrial economies. In this regard, we will consider the main examples of foreign experience in the restructuring of industrial enterprises. In countries with developed market economies, restructuring is seen and used as a tool in the course of a natural and permanently emerging market process. Western restructuring models are a reflection of changes in the market environment and competition. Under these conditions, the restructuring of an industrial enterprise, as a rule, is equivalent to the diversification that the company conducts under the prevailing legal and legal norms and rules of economic behavior. In most developed countries, the restructuring of industrial companies is regulated by the legislative and regulatory framework adopted at the state level [1]. Foreign experience in the restructuring of industrial enterprises includes state programs and policies that are aimed at structural changes within the industry and stimulating the growth of industrial activity. For Uzbekistan, the experience of restructuring the industrial sector of China, which has one of the leading positions in the structure of the world economy, is the most valuable. Thus, within the framework of the state program, the following stages of restructuring of industrial enterprises were observed [2]:

- the pre-reform stage, in which the Chinese government purchased foreign technologies and scientific developments for local industrial enterprises;
- pilot phase, in which local industrial enterprises began to independently purchase the necessary scientific developments, patents, licenses, technologies and innovations;
- the stage of structural reforms, within the framework of which the Chinese government forms budget expenditures for the system of financing scientific and technological developments, technical parks, business incubators, etc.;
- the stage of growth in the knowledge intensity of products, within which industrial enterprises are privatized and foreign funding is attracted to form R&D;
- the stage of strengthening innovative activity, within which the state finances the sphere of education and science and creates conditions for the external environment in order to form the world's scientific developments and the leading positions of Chinese industrial enterprises.

If we turn to the progressive experience of other foreign countries, then it is necessary to note examples of successful restructuring of industrial enterprises in the USA and Germany, since in the process of privatization they were able to attract financing from large foreign investors. The main factors for effective restructuring in the industrial sectors of Western countries include a well-developed stock market and strong financial support from the state for individual sectors of the economy [3]. Analyzing the experience of German industry, it is worth noting that the privatization process took place before the reorganization, modernization and restructuring of enterprises. The successful restructuring of the US industry was carried out thanks to the placement of shares of enterprises on the stock market. After raising funds, illiquid and unprofitable production assets were sold, and those that functioned successfully attracted additional financial, labor and, of course, intellectual resources. Thus, foreign experience in the restructuring of industrial enterprises demonstrates a successful model, within which mutually beneficial cooperation between the state and the corporate sector is formed. The state is the subject of stimulating the scientific activity of enterprises, forms an education system, technology parks, business incubators, accelerators, etc. The corporate sector is able to attract large-scale financing for industrial projects, driving the restructuring of industrial enterprises in order to modernize assets, apply new technologies and produce innovative products.

Studying the above foreign experiences of restructuring industrial enterprises, it can be said that enterprises in Uzbekistan will not be able to survive under the pressure of competition and new business conditions without significant reorganization and restructuring.



The process of restructuring can be defined as ensuring the efficient use of productive resources (capital, labor, land and entrepreneurial abilities), leading to an increase in the value of the business.

The restructuring of enterprises in developed countries is massive, its pace is accelerating, and methods are being improved, since constant restructuring of enterprises is a necessary condition for the survival of a business in a dynamic external environment. The effectiveness of restructuring largely depends on the applied methodology and consistency in the implementation of the chosen strategy of behavior in relation to customers, suppliers and the state.

Below are descriptions of the approaches that are used in the restructuring of Western and domestic enterprises. The first classification criterion is the type of restructuring management (restructuring can be based on regulation, formal control, order or creativity, organizational culture education).

The use of a formalized approach is quite justified in the restructuring of crisis enterprises, when bankruptcy legislation defines the framework within which the crisis manager and the consulting team need to solve the problems of ensuring the viability or liquidation of the enterprise. The restructuring of Western enterprises is carried out on the basis of business units, core competencies, a resource approach, a minimalist approach.

At present, the owners of foreign enterprises often use an approach based on the "behavioral" direction of management theory. However, the transition from rigid to liberal management methods was carried out by American managers for more than three decades, and by Japanese managers for about two decades. For domestic enterprises, the application of the behavioral direction is difficult due to the significant share of unprofitable enterprises, the preservation of the traditional managerial mentality, and the inability of personnel to work in conditions of liberal management[4].

At the same time, department heads encourage so-called internal process optimization, which does not contribute to the implementation of "hybrid" developments, improved coordination of actions between departments, and the movement of talented specialists.

The key competence is a unique technology, a well-established high-quality production process and highly qualified personnel. The main principle of the method is the search, development, use of technological potential. A variation of the core competency model is the outsourcing model.

The application of core competence and outsourcing models in the restructuring of Uzbek enterprises is complicated by the fact that many of them are financially unstable, low-tech, and most do not have R&D departments.

The resource approach is proposed to be used by S. Dejou, P. Baldi, J. Morei. It is based on the strategic concept of management, strengthening the competitive position of the enterprise. Resource technology involves, first of all, identifying organizational competence, identifying strategic points of growth in the enterprise, and then strengthening in promising areas based on the accumulated "portfolio of strategic competencies". I think that this managerial approach can be used both in the restructuring of successful enterprises and in the restructuring of enterprises with financial problems, and in combination with other approaches (based on the creation of business units, minimalism) - and in crisis enterprises.

At Harvard Business School and the consulting firm Arthur D. Little, the concept of minimalism was developed for the restructuring procedure, the key idea of which is to free the production process from everything superfluous: unnecessary costs, wasted time, marriage, bottlenecks, excess inventory. The most important principle of the approach lies in the economic, financial assessment of intra-production parameters.

Using the approach of "minimalism" in the conditions of Uzbekistan has no prospects. Price competition in an open form is possible only until the enterprise exhausts the reserves to reduce the cost of goods. It leads to a decrease in the rate of profit, a deterioration in the financial condition of firms and, as a result, to ruin.

Restructuring methods developed by foreign scientists and widely tested in Western countries are also used by Uzbek companies. However, the specificity of the domestic economy creates original restructuring schemes. As a method of restructuring in the Uzbek market, the creation of new subsidiaries based on production units is actively used, to which the highest quality and liquid assets are transferred. This procedure partly stimulates internal reserves of production and does not require the permission of creditors. However, the transfer of high-quality assets without analyzing the reasons that led to insolvency will inevitably lead, after some time, to a new liquidity crisis, and already a subsidiary company will be forced to create new firms.

One of the reasons for this situation is the lack of theoretical and applied methods of restructuring. In domestic practice, a mechanism has not been worked out for determining the need for an enterprise in restructuring, on the basis of which managers could start reengineering activities in a timely manner. Existing methodologies do not reflect the sequence of actions during restructuring and do not give an idea of the existing opportunities and the mechanism for choosing the type and strategy of restructuring depending on the state of the enterprise; the system of indicators for evaluating the effectiveness of restructuring depending on the chosen strategy has not been developed; there is no systematization of methods and means of restructuring depending on the strategies of restructuring; insufficient attention is paid to methods of restructuring for the financial recovery of enterprises; the structure of the program and the algorithm for restructuring the enterprise have not been developed. It is necessary to develop a universal methodology for carrying out enterprise restructuring, containing a mechanism for determining the feasibility of restructuring, justifying the choice of method and restructuring strategy [5].

The concept will make it possible to coordinate the actions of all participants in the restructuring: managers, creditors, investors, and provide real support to enterprises from banks and shareholders. Otherwise, the enterprise, after prompt restructuring, is unlikely to be able to successfully develop and strengthen its competitive position in the market in the future.

The practical implementation of the restructuring concept should cause stable positive short-term and long-term changes in the company's activities, the result of which will be an increase in the market value of the company's own capital and the market value of its ordinary shares. The content of the restructuring process is determined depending on whether an operational restructuring is carried out, aimed at solving the most acute economic and financial problems in the short term, or a more complex stage of strategic restructuring is carried out.

The purpose of operational restructuring is to improve the performance of the enterprise in the short term and create prerequisites for strategic restructuring. Operational restructuring involves, first of all, the restructuring of tangible assets and debt obligations. The result of operational restructuring is an increase in the liquidity of the company's assets due to a decrease in inventories, a reduction in accounts receivable, and the sale of surplus assets. Operational restructuring involves changing the structure of the attracted capital. In conditions of good management, this contributes to an increase in the rate of return on equity and, as a result, to the restoration of solvency with an increase in the profitability of the enterprise.

The strategic restructuring program should contain clearly formulated goals and directions, the procedure and criteria for decision-making. This includes the analysis of the areas of activity of the enterprise, the creation of the necessary information system, the conduct of marketing research, the development of a marketing and sales strategy, the development of a strategy for the purchase of raw materials, the development of possible options for further development. The result of a successful strategic restructuring is an increased flow of net present value of future income, an increase in the competitiveness of the enterprise in the long run and an increase in the market value of the enterprise's own capital, which makes the enterprise attractive in terms of investment [6].

It is advisable to consider enterprise restructuring strategies from options that provide for minimal capital investments and external financing to investment projects for the complete re-equipment of production. However, for many domestic enterprises, the main goal of restructuring is to satisfy the requirements of creditors, which is not always combined with the solution of the traditional task of restructuring - increasing the value of the company.

During a structural crisis, the selection of a restructuring concept may be limited to options with a minimum level of risk when the value of the business reaches zero or close to zero. Perhaps it will be effective to use the cluster model of enterprise restructuring. The cluster model is a defensive form of restructuring aimed at the survival of an organization in a crisis. In the West, a model similar to the cluster one is part of the anti-crisis program of "shrinking" the firm. The approach is based on the idea of concentrating raw material suppliers in close proximity to the main production. Restructuring is carried out by minimizing the main production. As a result of the reduction in the positions of the assortment, only the most demanded and competitive products of the enterprise remain on the market. Reducing the range of products entails the

liquidation of excess assets and the release of production space, the use of which was aimed at obtaining additional profit.

The functional approach to enterprise management and restructuring traditional for Uzbekistan should be replaced by a process approach. The latter involves the concentration of efforts not on individual functions of the structural divisions of the enterprise, but on end-to-end chains of operations passing through many structural divisions that make up business processes.

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