

Table Of Content

Journal Cover	2
Author[s] Statement	3
Editorial Team	4
Article information	5
Check this article update (crossmark)	5
Check this article impact	5
Cite this article	5
Title page	6
Article Title	6
Author information	6
Abstract	6
Article content	7

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Essence and main directions of production diversification at the food industry enterprises.

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Abstract

This paper makes analyses of the research on different industrial enterprises. In this case, *essence and main directions of production diversification at the food industry enterprises were discussed both methodologically and practically.*

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Introduction

The food industry occupies an important place in the national economy of the Republic of Uzbekistan. The industry mainly relies on raw materials, and in the food industry, meat and milk, fat, fish products, flour, bread, pasta, canned fruits, vegetables, tea, grapes and champagne, alcohol. There are many industrial enterprises producing vodka, tobacco, beer, thirsty drinks, soap and other products (Melvin, 2000; Niyazbayeva & Yessengeldina, 2016; Salzarulo, Krehbiel, Mahar, & Emerson, 2012).

After the country gained independence, deep organizational and economic changes were implemented in the food industry. Many of the enterprises were denationalized and transformed into joint-stock companies, the ministries that previously headed the branch enterprises were liquidated, the state-owned joint stock company Ozykvatsanoat, Uzmevasabzavot Holding, Uzgoshtsanoat, Uzdonmahsulot, and Uzbalig. - stock corporations were established (Khalmurzaev, 2000).

The food industry includes enterprises based on meeting the population's demand for nutrients. This branch is more closely linked to the agricultural sector than any other branch, which receives grains, milk, potatoes, sugar beets and other products from agricultural combs. The agricultural sector is a part of the agro-industrial complex. It also has established relationships with the machine-building, energy and other industries. There are also a number of enterprises producing equipment for food production in Uzbekistan. Examples include Ecoagro, Grentek, Neilmash, Samseven and others.

An important change in the dynamics of industrial development in the structure of the economy is the implementation of deep structural changes and diversification in the industry on the basis of modernization, technical and technological modernization of enterprises and production.

Main part

The main priorities of industrial policy are to improve the quality of institutional reforms and access to entrepreneurial activity, modernization and diversification of industrial production, support of real sector enterprises, and implementation of program measures for medium and long-term industrial development.

The Head of State highlighted the need for further modernization and diversification of the industry through the transition to a qualitatively new level, aimed at the accelerated development of high-tech finished goods based on deep processing of local raw materials, primarily by deep processing of local raw materials (Bobur & Alimova, 2017; Kalpakjian & Schmid, 2014; Sahadeo & Zanca, 2007).

The strategy of action to improve the competitiveness of the leading sectors of the national economy is aimed at increasing the number of workers by improving the profitability and financial recovery of more than 4,400 enterprises in the basic sectors of the economy. As a result of these activities, the profitability of the enterprises will increase, the level of utilization of production capacities will increase and the number of employees will increase.

The main purpose of the State Program on the implementation of the Strategy of Action is to improve the welfare of the people and their confidence in the future, as well as to implement the priority tasks of ensuring consent. The basis of development and liberalization of the economy is, of course, the task of deepening structural reforms, enhancing its competitiveness by modernizing and diversifying the leading sectors of the national economy. To achieve these high goals, the following areas are emphasized:

increasing the share of industry, services, small business and private entrepreneurship within the national economy;

implementation of an active investment policy aimed at modernization of production;

Further modernization and diversification of the industry through the transfer of high-tech processing industries to a qualitatively new level;

formation of an effective competitive environment for the sectors of the economy and the gradual reduction of monopoly in the market of products and services;

development of fundamentally new types of products and technologies to ensure the competitiveness of national goods in the domestic and foreign markets;

localization of production, import substitution of consumer goods and components, expansion of intersectoral industrial cooperation;

widespread introduction of energy-saving technologies in production, increasing the use of renewable energy sources, increasing labor productivity in the economy;

increasing the efficiency of existing free economic zones, industrial parks and small industrial zones, creating new ones;

accelerated development of the service sector, increasing the role and share of services in the formation of GDP, radical change in the structure of services provided;

accelerated development of the tourism industry, expansion of tourism infrastructure;

liberalization and simplification of export activities, diversification of export structure and geography, expansion and mobilization of export potential of economic sectors and regions;

further development of road infrastructure, introduction of information and communication technologies in economy, social sphere, management system.

State program

In the State Program on implementation of the Strategy of Action on five priority directions of development of the Republic of Uzbekistan in 2017-2021 in the Year of Dialogue with the People total cost due to bank loans, foreign investment and loans in 2017-2021

The sectoral programs envisage 649 investment projects worth \$ 40 billion.

As a result, over the past 5 years, industrial production will increase by 1.5 times, its share in GDP will increase from 33.6% to 36%, and the processing industry will increase from 80% to 85%. In 2017, more than 75 new types of competitive products will be launched.

In 2017, the total value is \$ 1.0 billion Commissioning of 145 production facilities with the total cost of US \$ 1 million, including:

\$ 147 million in fruit and vegetable processing and meat and dairy processing. 63 projects for the total amount of USD

\$ 217 million for deep processing of non-ferrous and precious metals. \$ 6 projects;

\$ 25 million for deep processing of chemical raw materials 2 projects worth \$ 1 billion;

US \$ 342 million to deepen processing of hydrocarbon raw materials \$ 6 projects;

US \$ 6 million to expand production of ready-to-wear leather shoes \$ 9 projects;

7 projects for \$ 24 million aimed at increasing pharmaceutical production;

151 mln. \$ 29 projects;

to increase the production of ready-made textile and garments by \$ 178 million. \$ 15 projects.

Modernization of the economy and its leading industries will result in diversification of production. Reformers of the economy have described this term as follows: "Diversification is the process of increasing and expanding the range of manufactured products and services, providing high value added growth dynamics. The process of diversification is directly linked to the modernization and structural changes underway in the economy. "

Asymmetric forms of production organization, specialization and diversification have been used in different proportions at different stages of society's development. Diversification processes have begun to develop at a rapid pace, especially since the mid-50s. One of the main reasons for this is that the rapid development of science and technology in this period has led to a competitive struggle between companies and firms. As a result, enterprises' profit margins have been relatively flat, and specialized sources of production efficiency increase have lost their capacity. In this regard, it is possible to say that the need for diversification processes was first identified at the level of micro-firms, firms and companies (Lal, Suleimenov, Stewart, & Hansen, 2007; Morrison, 2009).

It is precisely at this time that the economic content and importance of diversification began to be explored in the economic literature. However, no single theory of diversification has been developed at this time, and scientists have used this category in different directions and in different contexts. Generally, diversification is applied at a micro level, and the expansion of businesses and firms is understood to mean the increase in the range of goods and services.

Discussions

Diversification is a multifaceted, complex and controversial process. The ways, mechanisms, goals and objectives of its implementation are different, making it difficult to give a unified description of its economic content. However, the essence of all diversification processes is the same. The dramatic changes in the socio-economic and scientific-technical conditions of the activities of industrial enterprises have led to a change in the demand for external environment and management.

Critical struggles in the global markets have led to declining economic growth and a slowdown in technical development, with dozens of radical changes being made, as the purchase of advanced equipment and technology alone is insufficient. This is the reason why diversification is one of the most common forms of capital accumulation.

So what is diversification? What is the methodological approach that defines its essence? What are the key differences in the economic definitions given to it?

"Diversification" comes from the Latin word *diversificatio*, which means change, diversity, multifaceted, multi-disciplinary, multi-disciplinary character.

1. The term "diversification" has been widely used by Western scientists. Their descriptions have improved with changes in production conditions and the development of productive forces. In a word, the definition of diversification is as follows: The principle of multi-form ownership (private, public and state property).

2. The principle of economic freedom within the designated spiritual and moral zone.

3. The principle of social justice.

Among the modern definitions for the diversification process, according to a description by English economists Bennoch, Baxter and Devns, "diversification is the expansion of the range of goods and services in a particular firm or geographic region." As we can see, this definition is seen as a process of diversification, with a focus on the outcome. In their view, the need for a diversification process is associated with a reduction in the profitability of businesses and firms in traditional markets, the availability of excess capital or management resources, economic risks, and the dependence of businesses on cyclical processes.

The following definition is a bit more precise and wider diversification process and performed by certain entities "diversification is an increase in the range of goods and services produced by a particular enterprise or conglomerate or economy." Diversification occurs as a natural process in the economy. In some cases, this is done by business owners or the state to reduce the risk of becoming dependent on a narrow range of products (especially when demand for them is volatile). This definition also draws attention to the fact that micro and macro levels of diversification processes are covered. However, the reasons for the diversification are not fully understood. This is because diversification is not done solely to stop dependence on narrow products.

It can be used to capture new markets, increase their share in traditional markets, search for new areas for capital, retain labor, and more.

The views of Britain's Susan Mahek are also very similar to the concept. It describes diversification as "an effort to spread industrial production to a wide range of activities and thus not to be exclusively dependent on a single product." He goes on to highlight the following types of diversification:

- Horizontal diversification;
- concentrated diversification;
- conglomerate diversification;
- Diversification of employment by regions;

Suggestions

Horizontal diversification is the creation and development of products that require less customization of machines or skills. Concentric diversification is the wider use of one product itself to capture new markets. Conglomerate diversification is the growth of the industrial sector into new industries due to changes in markets, technologies and products.

Transnational corporations diversify through the acquisition of various productive firms, often with the problem of the fact that the workforce is dependent on only one industry. This is especially true for areas with a high specialization,

In this case, there is a regional diversification of employment. If we look at this definition of diversification and its forms, we can see that there is a contradiction between them, that is, they do not become overly dependent on one type of product. the need for mitigation.

American economists S. Fitper, R. Dornbush, Malenzi see diversification as "multiple risks.

reducing its asset allocation focused strategy "

According to him, the main rule of diversification is not to keep all eggs in one basket. Although this definition is more general, it fully reflects the economic nature of diversification.

David Scott, another English economist, has a slightly different understanding of the meaning of diversification. In his view, diversification "is to ensure that various businesses can stabilize the profitability of securities by purchasing securities." Clearly, the principle "not to keep all eggs in one basket" also prevails in this definition. In addition, this definition focuses on financial diversification.

Conclusion

Thus, diversification is not a predetermined goal, but a compulsory measure that results from an objective process. Summarizing the above definitions, we have described the diversification of industrial production as: diversification of industrial production is the reduction of dependence on production, the rational placement of capital resources, the creation of new jobs, the creation of new markets and consolidation of positions in traditional markets. a set of measures aimed at expanding the scope of industrial production to achieve synergistic effect.

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