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FACTORS FOR THE ESTABLISHMENT AND DEVELOPMENT OF  
SMALL INDUSTRIAL ZONES

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ABSTRACT

This paper makes analyses of the factors for the establishment and development of small industrial zones. On this case, research investigates both theoretical and methodological. Finally, it makes conclusion of outcomes and shortcomings of the issue.

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**Introduction**

CSRs form a complex economic system and are influenced by many factors. Identification and systematization of these factors will serve as an important information base in identifying the main directions of the establishment and development of CSRs, as well as in the selection of approaches and tools for state regulation of CSRs.

If we study KSZ as a single system, we have to take into account all the factors that affect its establishment and development. Such factors are studied as the factors that make up the system, and they are divided into internal and external factors.

**Main part**

The influence of the environment and society on the establishment of an industrial zone is considered as an external factor. External factors include:

- natural-climatic factors (climate change, geographical location, environmental requirements, access to natural resources);
- political factors (geopolitical situation, political stability, interethnic harmony, terrorism);

- social factors (social status, employment rate, demographic situation, purchasing power of the population, population health);
- Government regulatory factors: (monetary, fiscal, government customs policy, antitrust policy, regional economic policy, the level of support for sustainable sectors and areas of small business and the state, licensing of activities, licenses) monitoring compliance with the requirements for the implementation of social and national security);
- resource factors (ability to attract the necessary labor and material resources);
- market factors: the existence of a competitive and free competition environment, the demand of local consumers for the product, in general, the availability of market demand for this product in the country;
- The internal factors that make up the system include:
  - Economic relations between the enterprises located in the CIS;
  - level of competition between enterprises within the industrial zone of competitive relations, as well as the level of competition with other enterprises;
  - Cooperative relations, development relations between the subjects of the LCPC within the industrial zone, development relations with enterprises outside the CSR;
  - Innovative links representing the innovative activity of enterprises, links between research and educational institutions of enterprises, the development and dissemination of innovations;
  - Liaison with educational institutions that train qualified personnel.

### Analyses

The impact can be classified according to the importance of the factors: the dominant factors, ie the factors that are critical to the development of CKD, and the secondary factors (although important for development), but the impact is significant in the first place. is important for the future) and is important for the development of current industrial zones at today's stage. In addition, the integration of factors according to the form of use (factors that are considered stable for all subjects).

There are different approaches to the classification of these factors. One of the approaches to classifying factors is presented in the work. According to this approach, the factors are divided into the following factors: factors of production (level of utilization of production capacity, types of production and type of equipment, level of depreciation of fixed assets), supply of material and technical resources, raw materials and equipment opportunities, reliability, availability of counterparties), marketing factors (volume and stability of demand for products, availability of counterpart markets and their capacity), personnel factor (skill level, salary level, staff quality, gender, age), finance methods and forms of attracting funds (availability of credit resources), the factor of scientific research (opportunities and quality of scientific research, the cost of research and development). According to this approach, all factors are divided into external and internal factors, orderly and non-regulated, explicit and implicit factors. In addition to the above approaches, there are other approaches. [96] In this approach, too, the author distinguishes all factors into external and internal factors. External factors include macroeconomic, demographic, social, technological, political and legal, infrastructure and demand factors. Internal factors are divided into financial and economic, production and technological, personnel and management, logistics.

Thus, according to factor analysis, most authors distinguish between external and internal factors. In turn, these factors are divided into four groups: economic, technological, social and political.

By summarizing and systematizing the above factors, it is possible to propose a classification of the factors influencing the establishment and development of CSR: the generalization and systematization of the above approaches will influence the establishment and development of CSR.

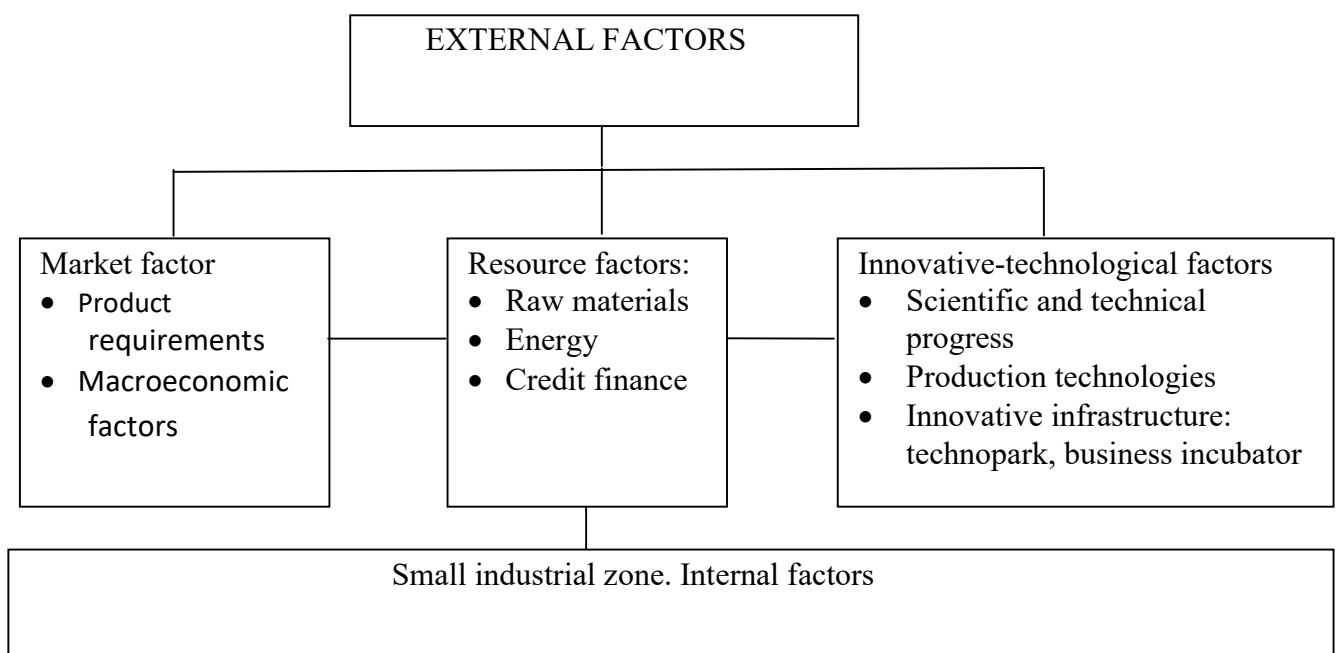
**Table 1. Classification of factors influencing the establishment and development of CSR<sup>1</sup>**

| External factors  | Internal factors  |
|---|---|
| <p>Natural factors:</p> <ul style="list-style-type: none"> <li>➤ climate change;</li> <li>➤ geographical location;</li> <li>➤ environmental requirements;</li> <li>➤ use of natural resources</li> <li>➤ opportunities (stocks of raw materials and opportunities to increase it, opportunities, reliability of raw material supply enterprises, availability of counterparties, availability of marketable resources).</li> <li>➤ Labor resources:</li> <li>➤ providing qualified personnel</li> <li>➤ opportunities (skill level, job</li> <li>➤ right, degree, sex, age.</li> <li>➤ Marketing factor:</li> <li>➤ The volume of demand for the product, the demand</li> <li>➤ sustainability, external demand (special-</li> <li>➤ lot export, export opportunities).</li> <li>➤ Government regulation</li> <li>➤ Factors: monetary, fiscal, state customs, antitrust policy, regional economic policy, government support for small business, sustainable sectors and areas of the economy, licensing of activities and product saturation</li> <li>➤ tification.</li> <li>➤ Financial factor: the ability to attract financial resources, interest rates, access to financial leasing services, the use of public-private partnerships in the establishment of CSR.</li> <li>➤ Market factor: availability of competitive enterprises, competitive environment, availability of related goods, insurance services.</li> <li>➤ Technological: high productivity,</li> <li>➤ developed foreign states</li> <li>➤ access to technology</li> <li>➤ lari, with foreign enterprises</li> <li>➤ joint venture</li> <li>➤ ri, foreign investment in KSZ</li> <li>➤ recruitment opportunities</li> </ul> | <ul style="list-style-type: none"> <li>➤ Availability of infrastructure elements: gas, water, electricity, access roads to the main transport routes of KZZ;</li> <li>➤ Enterprises located in KSZ</li> <li>➤ Mutual economic relations: the level of competition between the enterprises of the KSZ, as well as other</li> <li>➤ with foreign enterprises</li> <li>➤ degree of competition.</li> <li>➤ Cooperation:</li> <li>➤ Development relations between enterprises within KSZ, production relations with enterprises outside KZZ; Innovative relations, which represent the innovative activity of enterprises,</li> <li>➤ links with the development and dissemination of innovations between research and educational institutions.</li> <li>➤ Social factor: canteen, shop, medical service, parking, post office.</li> <li>➤ Information factor: advanced, productive</li> <li>➤ access to information on technologies, innovations, information on the use of the patent market, access to information on market conditions, educational institutions engaged in the export of products, research and training of qualified personnel.</li> <li>➤ Innovation factor: the ability to create new technologies, the development of new products (product innovation); modernization of existing technology and its effective</li> <li>➤ increase in league; Improving the quality of manufactured products (innovation process)</li> </ul> |

<sup>1</sup> Developed by the author using the ideas of foreign scholars.

This proposed classification of factors takes into account all the factors influencing the establishment and development of CSRs, Figure 2.

From the point of view of the importance of the influence of factors, we put the factor of innovation in the first place, in agreement with the opinion of the above leading scientists. The innovation factor is the main, decisive factor in the future development of these enterprises. Due to the fact that the full use of the innovation factor is associated with large sums of money, the use of this factor in the CSR is very low. Today, the development of KZZs, the development of competitive and export-oriented products largely depends on the technology, equipment and skilled personnel used by small businesses. Small businesses that start production based on technologies developed in new, advanced foreign countries can achieve sustainable operation. For this reason, the main obstacles for small businesses operating in KSZ are their low income, limited opportunities to purchase new and effective foreign technologies, and limited investment in research. As a result, most zonal participants have to use outdated, costly equipment and technology. To prevent such a negative situation, the modernization of KSZ enterprises, the replacement of obsolete fixed assets with new technologies and equipment will be one of the ways to ensure the economic development of the zones.



According to the Ministry of Economy of the Republic of Uzbekistan, as of 2017, the number of operating FEZs in the country was 87, of which a total of 588 projects were implemented. 376.3 billion soums of national currency and only 1.07 million soums will be allocated for the implementation of these projects. U.S. dollars spent. This means that the use of advanced foreign technologies in the implemented projects is low.

However, the total cost of 556 projects to be implemented in 2018 is 2,218.4 billion soums, while the rest is 69.72 million US dollars. This indicates that the technological content of the total projects has changed in a positive way, which means that small businesses are increasingly paying attention to the use of advanced technologies in their projects.

Factors that make up the KSZ's internal structure include competition, cooperation, financial and information factors.

New technologies and innovation factors, information, financial and highly qualified personnel can be studied as the most influential factors in the development of CSRs. The new technology factor here is the use of modern technologies used in developed foreign countries.

If an enterprise is engaged in an innovative activity, it can be called an innovative enterprise. In general, an innovative active enterprise is an enterprise that organizes the production of new effective technologies, the introduction of new models of equipment, the production of new types of products with stable demand in the future. According to Schumpeter, innovation is a change, the purpose of which is to introduce new types of consumer goods, new products and vehicles, markets, new forms of production in industry, and to take advantage of them. Innovation is not only change, but also in the form of innovations.

According to Porter, innovation is an innovation that can be expressed in a new approach to marketing, new ways of distributing goods and new concepts in the field of competition to change the product or production process.

Technological innovations in industry are divided into two types: product innovation and process innovation. The use of technological innovation is now a prerequisite for industrial enterprises not only to "survive" but also to develop effectively.

### **Conclusion**

While product innovation is understood as the introduction of new technologies and the development of new products, process innovation leads to an increase in their efficiency and quality of products based on the improvement of existing technologies. In the conditions of Uzbekistan, the use of new, high-performance foreign technologies that have not been used before can be called a process innovation. The process of modernization of technology and equipment of such industrial enterprises with the help of new, advanced foreign parts can also be included in the process of innovation.

Thus, in our country, the use of both types of innovations is a key factor in ensuring not only the sustainable operation, but also the sustainable development of the subjects of the LCPC in the CSR.

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