

# Direction of Conducting Transformation Processes in The Chemical Industry

Tuxtayev Akobirjon Xakimovich  
Department of Management of the Academy of Public Administration  
Under the President of the Republic of Uzbekistan

**Abstract:** This article examines the theoretical and practical aspects of issues related to the effective implementation of transformation processes in the chemical industry and its further development, which is one of the priority sectors of the industry.

**Keywords:** Industry, chemical industry, state share, privatization, transformation processes, competitive environment.

## I. INTRODUCTION

The efficiency of industrial enterprises depends in many respects on the nature of the transformation processes taking place in the industry or sector, the organized management and its structure. Therefore, taking into account this theoretical principle, from the first years of independence in Uzbekistan, great attention was paid to the transformation of various sectoral and sectoral economic management structures through their reorganization. As a result, as a result of measures to transform the priority sectors of the national economy and radically reform the structure of industries and sectors, the real sector has emerged from a period of transition without major losses.

Because the sustainable and balanced development of national industry and its strong position in the world market is directly related to the transformation process and its efficiency. The launch of new capacities in modern chemical industries, which are now being launched due to the acceleration of transformation processes, is leading to an increase in the share of competitive chemical products in the country's GDP, while achieving high results in socio-economic development.

This indicates a significant increase in the economic potential of our country. Therefore, the priority of modernization of national industry has become the widespread introduction of modern technologies in production through the acceleration of transformation processes in the chemical industry, the development of mechanisms to ensure their competitiveness on the basis of continuous updating of products and services.

## II. LITERATURE REVIEW

Many foreign scholars, including M.Aoki [1], P.F.Druker [2], G.Mensh [3], E.Hargadon [4], R.G. Studied by Cooper, S.Freeman et al [5].

Problems of improving the socio-economic situation of enterprises on the basis of effective organization and management of transformation processes, increasing labor productivity, ensuring product competitiveness, increasing export potential in the experience of the Commonwealth of Independent States V.M.Arkipov, E.V.Joglina, V.V.Kovalev, R.V.Marushkov, B.A.Reizberg, A.L.Noskov, O.N.Kuznetsova, L.S.Sosnenko, I.V.Bryantseva, B.V.Prikin, G.H.Biryukov and others considered in scientific research.

From local scientists I.I.Iskandarov, S.S.Gulomov, M.A.Ikramov, T.K.Iminov, A.U.Burkhanov, N.M.Mahmudov, M.A.Mahkamova, G.A.Samatov, In the research of A.M.Kodirov, D.S.Kasimova, G.K.Tarakhtieva and others, some aspects of the transformation process in enterprises operating in industrial sectors are different from the point of view of studying the mechanisms of economic efficiency, including organizational, economic mechanisms, infrastructure and management. , scientific and practical proposals have been developed. In the research of the above-mentioned scientists, research on the implementation of transformation processes in the context of modern development of economic sectors, in particular, enterprises in the field of chemistry as an object of research has not been sufficiently studied. The urgency and insufficient study of these problems highlighted the need for this research.

## III. ANALYSIS AND RESULTS

The goals and objectives of the state policy of economic and organizational incentives for national industrial enterprises in Uzbekistan are determined primarily by the specifics of the industry, production capacity and the level of competitiveness of the main product and the innovative potential of enterprises.[10]

The content, nature and characteristics of the processes of transformation of priority industries and the factors influencing it directly affect the economic activity of economic entities, the level of competitiveness, the cost of production, the development of the country's economy. So, based on the above, in our opinion, the organizational, economic essence of transformation process management in industries that are the locomotive of industry, management efficiency, production efficiency, development and implementation of management strategies, in turn, the concept of production potential, its composition, assessment it is expedient to formulate, methodologically disclose and economically justify economic indicators.[9]

As a result of significant structural and qualitative changes in our economy in recent years, the share of industry in the formation of GDP increased from 14.2% in 2000 to 24.3% in 2015. In 2017-2019, the share of industry in the economy increased. In particular, the share of industry in GDP in 2017 was 22.2%, while in 2018 it was 26.5%, and in 2019 it was 30.0% [8].

It should be noted that the rapid growth of gross domestic product (GDP) in our country is ensured, first of all, by the production of competitive finished products, not by traditional raw materials industries or favorable conditions on the world market and high prices for certain types of raw materials. In particular, along with structural changes in the real sector of the country, serious transformational processes have begun to take place in the sectors. In particular, one of the important areas for further intensification of transformation processes is the chemical industry. Because the chemical industry is one of the main sectors of the economy of the republic and has a high export potential. Another important aspect of its uniqueness is based on the fact that the economy is inextricably linked with the agricultural sector, as it produces mineral fertilizers that are very important for agriculture. Therefore, the development of the chemical industry is considered as one of the priority national tasks at the current stage of deepening economic reforms.

Activation of transformation processes as the main direction of structural shifts in the development of export-oriented production in the chemical industry, giving priority to areas with relative advantage is an important factor in ensuring the competitiveness of the national economy. Because the implementation of transformation processes, firstly, significantly reduces government intervention in the industry, secondly, serious measures are taken to improve the quality of management and risk management in state-owned enterprises, and thirdly, there is a competitive environment in industry.

The chemical industry has some unique characteristics, and this industry has the potential to create products with high added value. For example, the production of kapron requires 20 times less labor than the production of natural silk. Another important aspect is that the chemical industry has great potential in combining production.[6]

In particular, the production of energy through the processing of coal, oil and gas, as well as the production of valuable chemical products (gasoline, paraffin) for industrial use, will be the basis for the construction of petrochemical industries. Uzbekistan's chemical industry differs from other countries in the region due to its huge raw material base. At the same time, the chemical industry of the republic covers several sectors: mining and chemical industry (mining of raw materials); basic chemistry (production of chemical salts, acids, mineral fertilizers); organic synthesis chemistry (production of semi-finished products); chemistry of polymers (production of plastics, rubber, various fibers); processing of polymeric materials (tire, production of polyethylene films).

Another important aspect of the chemical industry of Uzbekistan is the low cost of natural gas in the country and its relatively low cost, which makes it attractive for its ability to save on the cost of production of mineral fertilizers. If we pay attention to the production analysis of products in the chemical and petrochemical industries, we can see that the production of artificial resin and plastic mass industry is better developed than other industries.

This article analyzes the activities of enterprises operating in the chemical industry, in particular, JSC "Uzkimyosanoat" and its subsidiaries. In recent years, the transformation process in the chemical industry in the country has intensified, the implementation of investment projects aimed at their financial and economic rehabilitation and stabilization, investment projects, modernization of existing industries, construction of new facilities for deep processing of hydrocarbons and minerals. Measures are being taken to identify key areas for further development of the industry, as well as to expand the range of high value-added chemical products.[10]

At the same time, the sector's investment through the implementation of projects aimed at accelerated development and diversification of the chemical industry, reducing the state share in enterprises through the systematic sale of state-owned enterprises, introduction of modern methods of corporate governance, international financial reporting standards and improving corporate governance. requires effective measures to increase its attractiveness.

Almost all mineral fertilizers used in the territory of the Republic of Uzbekistan are produced by local enterprises. In particular, JSC "Maksam-Chirchik", JSC "Ferganaazot", JSC "Navoiyazot" specializing in

nitrogen fertilizers; Ammophos-Maxam JSC, which specializes in phosphorus fertilizers, and Indorama Kokand Fertilizers and Chemicals JSC (Kokand Superphosphate Plant) are among the largest chemical enterprises. At the same time, Dehkanabad Potash Plant, Elektrokhimzavod JV, Kungrad Soda Plant, Samarkandkimyo JSC are gradually developing new products and modernizing their production. In 2020, it is planned to produce a total of 1379.1 thousand tons of pure products. Of this, 1006.6 thousand tons of nitrogen, 150.5 thousand tons of phosphorus and 222.0 thousand tons of potassium fertilizers. 68.6% or 988.3 thousand tons of products will be used for domestic consumption. The remaining 29.4 percent or 423.8 thousand tons are intended for export. Exports are made to a total of 25 countries. Urea, ammonium nitrate, ammonium sulfate and ammophos are mainly purchased by Kazakhstan, Kyrgyzstan, Afghanistan, Tajikistan, Turkmenistan, Iran and Indonesia.

According to the data, in 2018, the production of pure nitrogen mineral fertilizers in the world will reach 169.3 mln. tons, production of phosphorus fertilizers - 52.8 million tons, potassium fertilizers - 47.4 million tons. But global demand for mineral fertilizers in 2019 will reach 188.3 million. tons, while real production amounted to 176.3 mln. tons or 6.3% of the demand was not met.

76% of chemical products are mineral fertilizers and plant protection chemicals (53 species), 9% are inorganic products (38 species), 8% are chemical reagents and other products (58 species), 7% are organic products (21 species). corresponds to. The obsolescence of the material and technical base of enterprises in the chemical industry, the technologies involved in production require a lot of energy resources. This leads to an increase in the cost of the product.

Exports of chemical products have been declining in recent years. This is due to the growth of competition in the world market, the introduction of innovative technologies and the growing demand for product quality.[9]

Therefore, in order to develop the national chemical industry, the President of the Republic of Uzbekistan on April 3, 2019 adopted Resolution No. PP-4265 "On further reforming the chemical industry and increasing its investment attractiveness." The decision is part of the program for the development of the chemical industry for 2019-2030, which will attract \$ 12.1 billion, including \$ 1.7 billion in foreign direct investment and loans, and the implementation of 31 investment projects. planned. To do this, of course, the industry must have an innovative environment, innovative potential, infrastructure and highly qualified personnel, professional managers.[4]

At the current stage of economic development, the management system in joint-stock companies in the chemical industry is becoming an objective necessity to develop new approaches based on today's requirements.[5]

The analysis showed that the shares of JSC "Uzkimyo sanoat" are 100% state-owned and participate in the charter capital of a total of 22 legal entities, including 9 JSCs, 7 LLCs in the country, one unitary enterprise. The company directly owns more than 51% of the majority of enterprises in the chemical industry, i.e. they have a controlling stake.[6]

Preservation of the state share in the assets of joint-stock companies operating in the chemical industry has a negative impact on the correct implementation of the strategy for the development of innovative activities in the chemical industry, the emergence of innovative potential and economic interest and the creation of an effective system of production of new innovative products. . The gradual development of the economy and the strengthening of the competitive market show the importance of attracting foreign investment in enterprises based on modern technologies. In attracting foreign investment, investors pay attention to the financial condition of the enterprise, the principles of corporate governance, the functioning of the system of protection of shareholders, the economic and political situation in the country, based on which foreign investment is attracted to the economy.[7]

According to our analysis, the physical and moral obsolescence of fixed assets of enterprises in the system of JSC "Uzkimyo sanoat" and the high share of the state in the share capital of enterprises have a negative impact on the effective use of corporate governance mechanisms in their management. This leads to cases of high risk in the management of enterprises.[8]

In the assessment of efficiency indicators (indicators) at the enterprises of JSC "Uzkimyo sanoat" analysis of staff potential, organizational and economic activities, technological status and innovation activity in joint-stock companies is the basis for making the necessary decisions in the management of innovation processes. Therefore, it is advisable to choose the right indicators that directly affect these indicators and ensure that the result is objective. Therefore, the activation of innovative activities requires coordination of the movement of the subjects of the national innovation system, on the one hand, and the integration of components interested in attracting investment in innovation, creating conditions for the development of the innovation process. In carrying out this task, it is necessary to carry out effective transformation processes directly in the network.

#### **IV. CONCLUSIONS**

Thus, the results of research show that the implementation of effective transformation processes, in turn, leads to the following opportunities in enterprises:

- implementation of mutually agreed measures for the creation of infrastructure, including regulatory, legal, information, staffing, consulting, use of innovations and the development of elements of the innovation system;
- Attracting financial resources for the development of priorities of the innovation system (budget and extra-budgetary sources, venture capital, loans from commercial banks and international credit and technical assistance);
- Ensuring the most important interests of the state through the implementation of innovative research and development, creating conditions for the production of competitive goods and services;
- providing an innovative environment that raises the implementation of scientific research and the use of its results to the international level;
- reforming the process of training personnel for science and other industries with high capacity in the country, providing the economy with new equipment and technology, creating the basis for the provision of personnel necessary for its intensive development;
- Establishment and use of a targeted program system of applied research and fundamental development;
- Reforming the network of scientific organizations in order to implement priority research and development, given the limited resources;
- ensuring the integration of the education system with production;
- To increase the value of the work of scientists, to involve young people in research, to create conditions for social protection of researchers and specialists.

The above analysis shows that based on the development of strategies for the activation and development of transformation processes in the chemical industry, assessing the potential of the country's industries and sectors, determining the competitive potential of the chemical industry, setting innovative priorities will lead to significant qualitative changes.

In conclusion, an in-depth study of trends in the acceleration and development of transformation processes in state-owned enterprises in the country, along with improving the competitive environment at enterprises in the country, has a positive impact on the supply of innovative products for domestic and foreign markets.

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