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NECESSARY CONDITIONS FOR THE IMPLEMENTATION OF THE DIVERSIFICATION STRATEGY IN THE ECONOMY

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ABSTRACT

This article discusses the types of diversification strategies and their role in the economy, as well as the concept of diversification. The experience of our country during the years of independence shows that in any country, the industrial sector, which is the basis of the economy, must develop on the basis of active integration. In other words, the development of the enterprise requires the use of diversification strategies to expand the scope of activities. Diversification strategy means that the company is expanding its activities. The degree of diversification can vary.

KEYWORDS: *Diversification, Economy, Uzbekistan, Strategy, State, Competition, Export, Agriculture, Industry*

INTRODUCTION

The process of economic diversification around the world began to develop in the mid-1950s. Initially, diversification took place in the United States, Japan, and Western Europe in the fields of industry, transportation, construction, and finance. Therefore, the nature of diversification is determined by the socio-economic factors of these countries, as well as the general factors that belong to other countries (scientific and technological revolution, the struggle for high profits, competition, not to lag behind in technical progress, etc.). In diversification, firms, especially monopolies, become more diversified. They start out in high-income, fast-growing industries. In addition to producing products, companies also begin to produce the raw materials needed for these products. They spend money on low-income sectors that save a lot of money.

Without increasing the competitiveness of our economy, it is impossible to carry out such a strategic task as bringing the economy of our country to the level of developed democracies in

the medium term. Comprehensive measures are being taken to ensure the competitiveness of the country's economy.

The Development Strategy Program for the five priority areas of development of the Republic of Uzbekistan for 2017-2021, selected by the head of state, includes an active investment policy aimed at modernization, technical and technological renewal of production, implementation of production projects and high-tech. It is planned to accelerate the development of processing industries, primarily the production of high value-added finished products based on deep processing of local raw materials.

The experience of our country during the years of independence shows that in any country, the industrial sector, which is the basis of the economy, must develop on the basis of active integration. The positive changes that have taken place in our economy have led to a significant diversification of its structure. Petroleum, chemical, automotive, modern agricultural machinery, building materials industry, railway machinery, consumer electronics, pharmaceuticals, food, textiles, footwear and a number of other completely new industries. The establishment of which laid the groundwork for this.

As a result, over the years of independence, industrial production has increased 4.6 times, and in the last 10 years, the average annual growth rate of the industrial sector has exceeded the GDP growth rate. While high, it was 8.9 percent. In the 1990s, agriculture accounted for about 33 percent of the country's gross domestic product, while industrial output did not exceed 14 percent. Industrial production also included cotton ginning and the production of agricultural machinery.

Today, as a result of reforms, the share of industry in GDP has reached 32.9%, while the share of agriculture in GDP, despite the rapid growth, has reached 17.6%. The share of the broadcasting sector reached 49.5%.

The main task, as noted by the head of state, is to accelerate the development of industry through diversification in the economy and increase its share in GDP to 40% by 2030, reduce energy consumption by about 2 times due to the widespread introduction of modern energy-saving technologies. to achieve.

It should be noted that localization in the production of finished products plays an important role in more sustainable and consistent development of the economy, reducing its dependence on external factors, accelerating the introduction of new efficient technologies in production processes. That is why localization in Uzbekistan is one of the main directions of industrial development. This will ensure the extensive use of local raw materials and production resources, as well as the production of import-substituting, modern and competitive products.

Our country has a great potential for agriculture. Therefore, in recent years, extensive work has been done to reform agriculture and introduce market mechanisms.

In particular, the Strategy of Agricultural Development of the Republic of Uzbekistan for 2020-2030, the concept of efficient use of land and water resources in agriculture and other organizational and legal measures were adopted. The goal is not only to provide economic benefits, but also to ensure food security and increase the well-being of the people.

It is no exaggeration to say that the Resolution of the President of the Republic of Uzbekistan “On Additional Measures for the Implementation of the “ Agricultural Diversification and Modernization ”Project with the Participation of the International Fund for Agricultural Development” signed on 15 September this year is an important step in this direction.

At the same time, the establishment of new high-tech production facilities, more active involvement of the regions in the development of competitive and export-oriented modern industrial products, production, engineering communications, road transport, social infrastructure and logistics services In order to expand the attraction of foreign direct investment to ensure rapid development, 14 free economic zones and 96 small industrial zones have been established in the country.

It is advisable to increase the above figures, first of all, to use the diversification strategy in order to achieve further development of the economy. In other words, the development of the enterprise requires the use of diversification strategies to expand the scope of activities. Diversification strategy means that the company is expanding its activities. The degree of diversification can vary. The degree of diversification can be in the following forms: limited diversification, linked diversification, unbound diversification.

-bounded diversification- usually occurs when an enterprise leads one business, but other businesses that do not have a large volume also develop;

-related diversification is the development of several activities that are somehow interconnected (production, technology, sales, etc.).

-Unconnected diversification is the development of several different unrelated activities. For example, in the field of consumer services, in addition to manufacturing activities.

The content of the diversification strategy is based on the following objectives:

The essence of a diversification strategy is to distribute the assets and capital of a company between different areas of activity to reduce the risk of losing future income. The main advantages of an unrelated diversification strategy are that the company can find and develop more profitable businesses in the future, as well as reduce the impact of seasonal declines in core business sales. The disadvantages (or risks) of such a diversification strategy are the need to allocate large resources to develop a new line of business and investment.

An international diversification strategy can take one of two forms, described above: linked or unbound. But we talk about it separately because it means a lot to the company. International diversification is one of the main strategic ways to diversify the company's activities. They will move on to it once national diversification is complete. This process requires high management skills and a properly built management structure.

Selection and analysis of new production lines for the enterprise. Management needs to determine which markets are potentially promising and attractive to enter, what opportunities and resources are available in them, and how this will affect the overall profitability of the company.

Exploration of opportunities for useful combination of value chain blocks of different business units. To increase the operational and strategic efficiency of management, SEBs should look for

opportunities to use and redistribute resources. For example, using one company's strong market brand to promote another.

Implement measures to increase the value of the company at the expense of existing divisions. Management should seriously assess the existing environmental conditions and opportunities of existing companies, abandon inefficient areas, strengthen the position of promising products by developing internal resources and purchasing ancillary enterprises.

Key Methods of Diversification Buying an existing SEB is the most expensive and fastest way to get a business ready and working without additional effort to overcome industry barriers. Creating an SEB based on internal capabilities Identify internal resources to create a business unit from scratch. It is usually applied when the company has sufficient funds and powers to overcome market barriers in the area selected for the activity. This is also common for companies that have valuable resources for their chosen field.

The creation of joint ventures is applied in complex and high-tech industries that require significantly more resources than the enterprise has: They are in poorly studied industries with high levels of risk and uncertainty; diversification applies to operations in another country.

Types of diversification strategies are: Elements of the associated diversification value chain involve entering a new market by forming a business unit that is similar to the elements present in the corporate portfolio.

Unrelated diversification involves entering a new market by acquiring a business unit that is incompatible with the corporation's current trends in the value chain, but has the potential to increase the profitability of the entire company.

Thus, the diversification strategy is related to new products designed for new markets. Of course, this strategy is difficult and risky because it takes the enterprise into new areas. Their success requires the involvement of large human and financial resources.

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