

## THE CONTENT AND ESSENCE OF THE ECONOMIC SYSTEM OF THE REGION IN THE NATIONAL ECONOMY

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**DOI: 10.5958/2249-7137.2023.00085.X**

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### ABSTRACT

*An important condition for the economic development of the country is the development of innovative activities, which creates the basis for sustainable economic growth and helps to realize the strategic goals of the region. This dissertation describes the tasks, goals and directions of the socio-economic development strategy of the region. Various models of state management of innovation clusters in order to develop regional economy were analyzed.*

**KEYWORDS:** *Territory, Socio-Economic, Socio-Economic Development, Regional Policy, Main Problems Of Economic Development, Statistical Values, Gross Domestic Product, Economic Growth, Macroeconomic Stability, Gross Regional Product, Gross National Product.*

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### INTRODUCTION

The need to ensure the socio-economic efficiency of territorial production in the wake of the deepening process of globalization in the world, and the emergence of non-standard socio-economic situations on the second hand, requires improving the strategy of socio-economic development of territories and expanding its capabilities. According to the world economy organizations, global growth is expected to change from 5.9 percent in 2021 to 4.4 percent in 2022, including 5.0 to 3.9 percent in developed countries, with market relations taking shape and 6.5 to 4.8 percent in developing countries. In this regard, today the improvement of the strategy of socio-economic development of territories is becoming an urgent problem [1].

In the process of creating a new Uzbekistan, special attention is paid to such areas as increasing competitiveness in the national and world markets in socio-economic development of regions, strengthening the foundations of innovation in production, increasing the value added while expanding the volume and scope of finished products. As a result, "by ensuring stable high growth rates in the sectors of the economy, it is possible to increase the gross domestic product per capita in the next five years – 1.6 times and the per capita income by 2030 by 4 thousand US dollars, as well as to provide the basis for entering the ranks of" countries above the average".

### Analysis and Results

The economic system of the region is considered one of the most important objects of research in modern national and foreign economic literature, which is due to a change in the description and form of socio-economic development of Regions, the emergence of new conditions in the post-crisis development of Regions, the role of socio-economic policy of the region as a factor

Within the framework of the European Economic Community, the concept of a region has been

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developed that is common to all countries. As signs by which this or that region can be imagined as a relatively independent unit, its socio-economic form serves in unity with the national economy, that is, the economic processes taking place in it must reflect certain laws of the reproduction of a society formed under the influence of interrelated socio-economic, and natural factors. In this sense, the region manifests itself as a regional specialized part of the country's economic sectors, which characterizes the process of reproduction as unity and integrity.

The economy of the region should be based on three main tamoiyil uses: firstly, to be able to carefully calculate the condition and dynamics of the markets in which the requirements of the population of the region are formed, the requirements of the state and individual production entities; secondly, to create conditions for the maximum coordination of the structures of the economy.

Firstly, self-organization and organization of economic systems are the two complementary processes, which support the interconversion of the structural links of the economic integrity and is associated with a single economic agent – the state - the Central element of organic integrity. This is fundamental in determining the state's role in the national economic system. Secondly, the theory of the organization of economic systems and the theory of property rights cannot be complete without a theory of the state. This is due to the fact that ownership relations are formalized in the form of linkages between economic agents that are sanctioned by a society (or rather, government and formal institutions) in respect of the procedure for the extraction of individuals of the usefulness of economic benefits through the system of partial powers.

All the changes that occur in the evolution of the economic system have an ordered character. This order is formed by the concepts of "organization" and "selforganization" of the system, the differences between which are quite obvious and correspond to the meaning of the terms that define them. A typical example of an organization is any state intervention in the regulation of the economic system, which has an aim to eliminate. At the same time, as a result of structural changes in the national economic system self-regulation or self-organization is performed. The mechanisms of selforganization of the national economy include the market mechanism (commodity exchange) and self-organization processes in the areas of production, distribution and consumption. For example, self-organization of the market occurs under the influence of IUpriicing mechanisms, as a result of which the balance between supply and demand changes. Thus, self-organization differs from the process of organization. The difference is explained not by the action of external factors but by the nature of the system itself.

Alternatively, targeted programs are also a mechanism by which systematic and complex developments of Regions give practical results to solve the most necessary problems of the region's economy. They reflect on themselves the changing means of ensuring efficient and long-term regional economic policies based on the rational management of the region's economic processes. The strategic objectives of their Region Development Program are as follows:

Effective use of financial resources and improving the quality of optimal regulation of management;

Development of the social and economic spheres of the region;

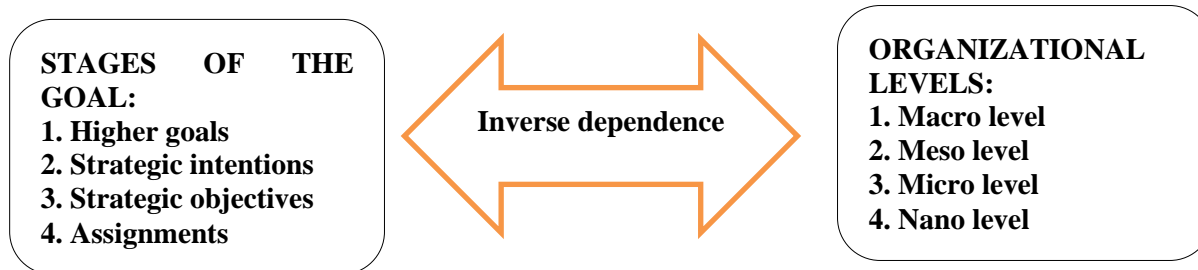
Achieving an optimal environmental situation in the region;

Improving the competitiveness of the region;

The concentration of the economic resources of the region for the qualitative transformation of The structures of the economy in order to create conditions for solving problems in the social sphere.

Strategic goal setting is a multi-stage process in which it becomes necessary to consider the levels of setting areas goals. Classification of goal setting levels in areas can be seen in Figure 1. These levels of goal development should have their own goals, including:

Higher goals are the highest goal, which should be a goal that is not achievable in principle, but an objective fact that arises from the main mission of the territory. And the macro level will be the overall result of the goal, and in general the territory will manifest itself as the subject of the country.



**Figure 1. Classification of goal setting levels in regions**

*Source:* Veter A. Form a mechanism for strategic management / A. Veter, V. Semidskoy // Agricultural Economics. – 2009. – No. 9. – P. 16–23.

An analysis of Statistics shows that there has been an unevenness in the socio-economic development of the regions of the Republic of Uzbekistan for many years. Each administrative-territorial unit, the cities and districts within which they are formed on the basis of certain objective laws, differs from each other in their geographical and territorial location, composition of the economy, level of development, demographic status of industry and agriculture, as well as climate, potential for water and Natural Resources (Table 1).

**Table 1 Growth Rates Of Gross Regional Product In The Regions Of Uzbekistan In 2014-2022, In Percentage**

Regions	2014	2015	2016	2017	2018	2019	2020	2021	2022
The. Republic Of Karakalpakstan	107.3	106.9	107.2	105.9	104.4	105.4	105.7	101.9	107.4
Andijan	108.0	109.2	110.5	112.5	106.1	105.8	107.0	102.0	107.4
Bukhara	108.6	108.1	103.4	100.6	104.1	109.6	105.8	102.7	104.7
Jizzakh	108.3	108.3	108.5	106.4	102.4	105.4	106.3	102.8	106.2
Caloptilia	108.9	107.8	108.3	107.8	104.1	103.9	108.3	104.8	107.0
Navoi	105.4	106.7	106.6	105.6	103.5	102.0	101.8	102.7	107.6
Namangan	104.4	105.5	103.8	103.7	101.5	104.8	105.2	106.6	107.2
Samarkand	108.0	107.9	107.7	107.5	103.4	104.1	107.5	105.1	109.1
Surkhandarya	108.0	108.3	108.4	107.4	101.5	100.7	105.6	101.8	108.8
Syrdarya	107.8	107.8	107.3	105.6	103.4	104.6	103.7	104.4	107.8
	105.0	106.5	107.1	106.6	95.5	103.4	109.5	101.8	110.2

Tashkent	106.5	106.2	105.9	104.7	101.0	106.8	107.3	102.9	110.7
Fergana	107.5	107.3	107.3	105.4	98.9	107.4	104.4	104.9	108.0
Khwarazm	109.7	107.5	109.0	104.8	104.5	103.0	105.7	101.4	109.2
Tashkent City	108.5	110.4	109.2	110.5	110.8	111.1	108.4	102.4	114.1

*Source: State Statistical Committee of the Republic of Uzbekistan*

According to preliminary data, the volume of Gross Regional Product (GDP) produced in Tashkent in January-March 2022 was 23704.9 billion at current prices. with a GDP of, the growth rate was 109.3% compared to January-March 2021. The growth rates observed in the main sectors of the economy of the city of Tashkent served as a key factor in the growth of YAHM. Including industrial production index-110.1% (YAHM content share 35.6%), construction – 113.3% (10.0%), trade, living and catering services – 105.9% (17.2%), transportation and storage, information and communication – 109.2% (12.8%) and other service sectors – 108.2% (24.4%).

During January-March 2022, the share of Trade, living and catering services in the city of Tashkent in the composition of gross regional product amounted to 17.2% (January-March 2020-16.6%), the share of gross regional product in transportation and storage, information and communication was 12.8% (13.0%), in the field of other service sectors-24.4% (24.1%).

In the study, we carry out an analysis of descriptive statistics (Descriptive Statistics) and use statistics to draw conclusions from the assessment of the probability that the difference between groups that may have happened accidentally is reliable. Thus, this analysis is used to draw conclusions about general conditions and describe what is happening in the data obtained. In addition, descriptive statistics help us simplify large amounts of data, and each descriptive statistic reduces a large number of data to a simple conclusion. Based on this feature of descriptive statistics, we will initially analyze the volume of gross regional product of the regions of the Republic of Uzbekistan (Table 2).

**Table 2 Discriptive analysis of changes in the volume of gross regional product of the regions of the Republic of Uzbekistan in 2000-2020**

Indicators	Average value of the Republic of Karakalpakstan and regions by indicators	The number of provinces above the average value of indicators	Кўрсаткичларнинг ўртача қийматидан паст вилоятлар сони
Mean	8852,8	7	7
Mediana	4378,8	6	8
Standard deviation	10633,6	7	7
Dispersion	144091108,5	4	10
Ecstasy	1,3	4	10
Asimmetrii	1,4	4	8
Interval	35840,3	6	8
Minimum	212,7	6	8
Maximum	36053,0	6	7
Summa	185908,7	7	

*Source: calculated on the basis of the literature studied by the author*

From Table 2 data, it is seen that the focus is on frequency distribution, one of the most common methods of describing the variable, and in frequency distribution we are treated in two parts (i.e. quantities above and below the mean). It is worth noting that distributions can also be indicated using percentages. According to him, the average, or median, is the most used values in the probable description of the central trend, with a high gross regional product between the regions in terms of the average (Andijan (9386.4 billion). Soum), Kashkadarya (10375.7 crore. sum), Navoi(8913.4 crore. sum), Samarkand(11363.1 crore. Soum),.

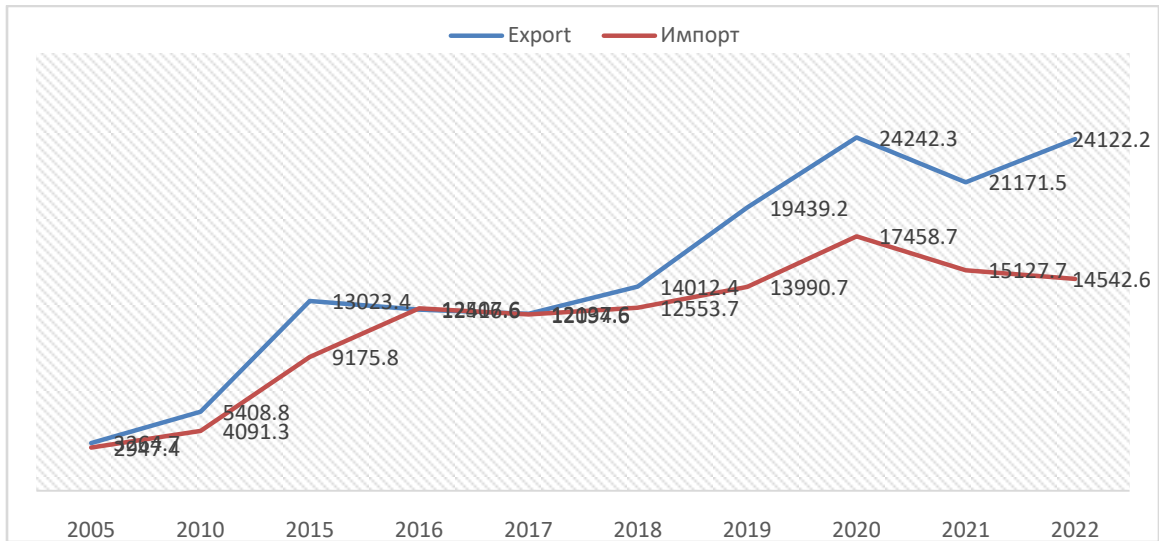
Focusing on the median value, there are 8 regions with values below average (Republic of Karakalpakstan (2012.1 billion). Soum), Andijan (4,349.5 crore. Soum), Buhoro(4437.1 crore. Soum), Jizzakh(2051.6 crore. Soum), Namangan (3,162.6 crore. Soum), Surhondaryo (3,158.7 crore. Soum), Syrdarya (1549.4 crore. Soum) and Khwarezm (2,619.2 crore. som) provinces).

Fashion was not observed in these rows, and this is a sign that the territories of the country are developing unevenly, considering that the normal distribution(that is, if it is in the form of a bell) is observed in the equality of the Mean, median and fashions for the observed statistical series and expresses that it is not necessary to analyze the remaining indicators. Of course, in this case, the goals of the scientifically based level, which are set for the future prospect, are universal and general for all regions. Further clarification of these and other common goals in regions can be achieved by selecting semantic components as well as statistical values.

The necessary conditions for changing the existing theory of territorial development make it possible to form a methodology of territorial growth in the modern economy, taking into account the theoretical rules and concepts of Territorial Development developed in the market practice of the world economy. The analysis of the interdependence of theories of socio-economic development of territories involves taking into account its economic essence, including factors that contribute to the formation of the economic subjectivity of the territory. Analysis of the factors that determine the growth of the subjectivity of regions shows that they are mainly exogenous and have an external impact on the territory. These include, first of all, the globalization of the economy, the development and formation of the territory. The main products of the area's activities as a development entity are:

- 1) competitiveness of the territory and its subsystems (social, economic, management, environmental, infrastructure, institutional, security);
- 2) competitiveness of products produced in the territory;
- 3) competitive resources, potential and capabilities of the territory.

As a development entity of Regions, the institutional design of the products of its activities is carried out in the form of strategic goals, strategies and other institutions. The globalization of the world economy and the openness of the national economy also lead to the presence of global competition in domestic markets (figure 2).



**Figure 2. Foreign trade turnover of the Republic of Uzbekistan**

*Source: data from the State Statistical Committee of the Republic of Uzbekistan.*

According to the statistics presented in Figure 2, the total foreign trade turnover of the Republic of Uzbekistan is 30087.2 million by 2022 compared to 2005. Increased to us \$ 36,299.3 million. The US has reached the dollar, and this in turn is a sign that our country is gaining a foothold in international markets. In this case, the volume of exports in 2022 amounted to 11,863.0 million compared to 2005. For the US dollar, the import volume is 18224.1 million. Us \$ 15,127.7 million, respectively. Us \$ and 21,171.5 million. The balance of trade saldo, which amounted to us \$ -6361.1 million. US dollars.

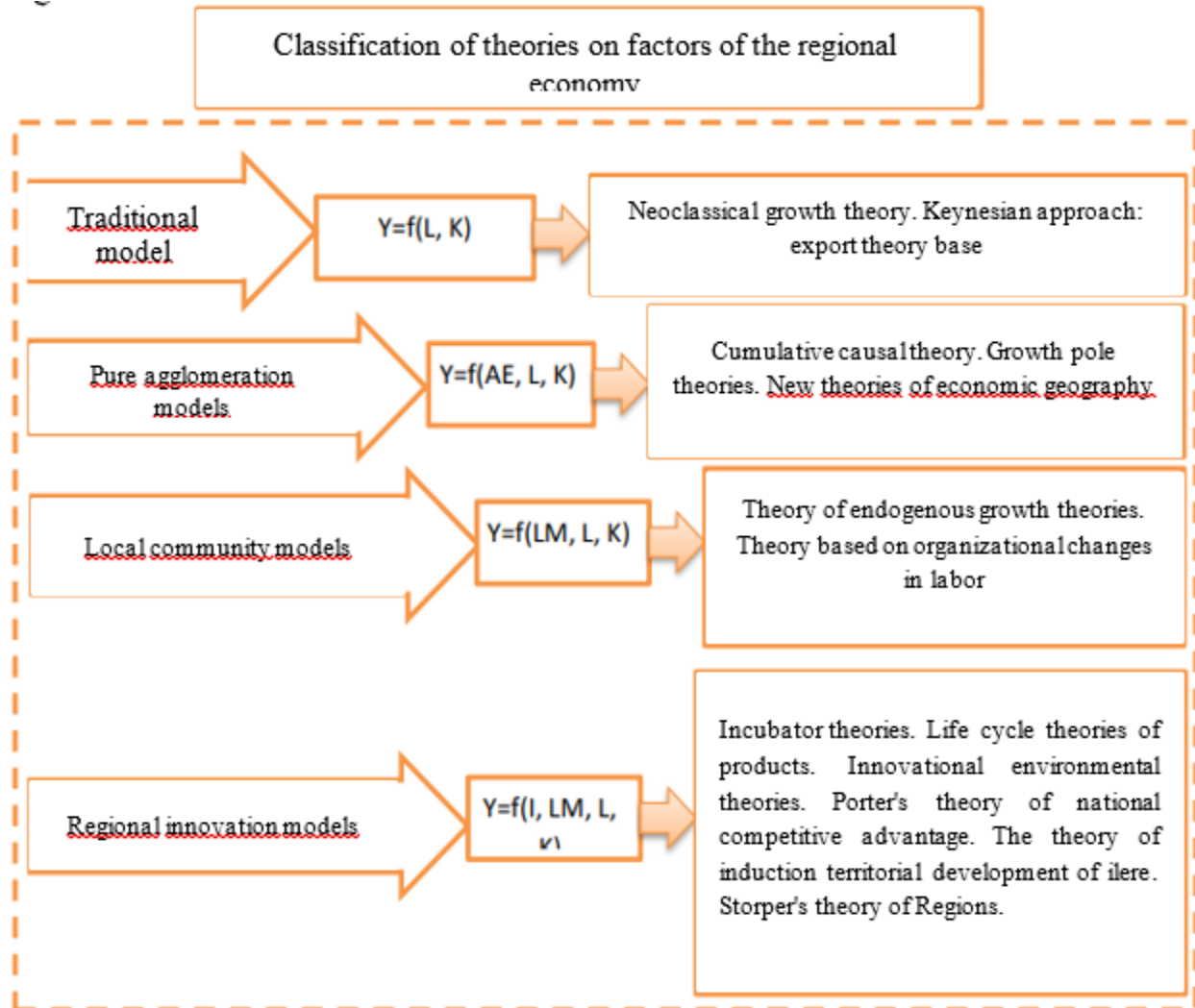
This in turn indicates that local markets are also implementing measures aimed at increasing the need for product quality and ensuring product competitiveness among manufacturers. From the results, it can be seen that the need to form a competitive territorial economy in the context of globalization and integration predetermines the dominant strategic approach in the management of its socio-economic development.

The practical study of regional economics can be divided into macroeconomic and microeconomic aspects. Regional Macroeconomics mainly analyzes the comparative economic characteristics of the various regions within the national economy. Regional Macroeconomics deals with issues related to comparative economic growth, changes in the level of employment in the territory and the movement of factors of production between regions.

It discusses the impact of time and distance on economic activity and does not function as the same unit in an area. So, since the subject of territorial microeconomics is engaged in the theory of location, sometimes the term spatial economy is used as a synonym for territorial economy, but in this case, more attention is paid to the importance of space and distance than macro aspects. Instead of interaction between different countries, they focus on the interaction between regions. There are different specifications of regional development theories and models (Figure 3).

The first group of theories of territorial economic development, defined as the traditional models presented in the figure, provides the function of entry into production labor and capital. The

decline in territorial differences in these neoclassical growth theories depends on the presence of factors of production, capital and labor, and inter-territorial mobility. Since production functions are the same, capital tends to move into areas with cheap labor, while Labor takes the opposite direction. These trends continue until the return of capital and the wages of workers are the same in all regions.



**Figure 3. Classification of theories on factors and models of regional economics**

*Source: Author's Development Based On Research.*

Local environment (environment) theories suggest that various factors such as manpower capability, technical and organizational knowledge, and social and institutional structures affect both capital and wages. The difference between endogenous growth models and growth theories is caused by changes in labor organization. Endogenous growth models and development generally refer to areas surrounding areas. Examples of theories of this type are the industrial fog model.

**CONCLUSIONS**

In the development of a system of indicators to assess the degree of influence of macroeconomic indicators on gross regional product in the socio-economic development of the territory. It is advisable to use the Almon model.

It was proposed to use artificial neural nets in modeling the process of socio-economic development of the city of Tashkent on the basis of a software study of descriptive and artificial neural network tools for significant indicators affecting gross regional product. As a result, it was possible to assess development descriptively as well as resource and investment potential of various districts in comparison, to set priorities for the socio-economic development of the territory, to develop programs to reduce unemployment and poverty.

According to the established model of artificial neural network, the volume of gross regional product in the socio-economic development of the city of Tashkent was determined to increase by 1.84 times by 2026. Therefore, in Shagar, it was proposed to develop all kinds of agriculture, construction and deep processing of various mineral raw materials, in particular, the production of finished products using modern technologies, including funds and technologies of foreign partners, the promotion of exports, the further development of the cluster system, the formation of an innovative economy. Consideration of the problem of what determines the integrity and stability of the macroeconomic system, and of the role of the state, is impossible without taking into account the most important essential feature of organization and self-organization, realized as a result of horizontal and vertical interrelationships of economic agents. It consists of the fact that organization and self-organization, mutually forming each other, presuppose some forms of movement, i.e. the process ability of the economic system, its dynamics.

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