WAYS TO STRENGTHEN FINANCIAL AND REAL SECTOR INTEGRATION

Ataniyazov Jasurbek Khamidovich*; Abdullayev Anvar Farxadovich**

* Professor,
Doctor of Economics,
Head of the Department of International Finance and Credit,
Tashkent Institute of Finance,
Tashkent, UZBEKISTAN
Email id: jasurbek156@gmail.com

**Associate Professor,
PhD,
Department of International Finance and Credit,
Tashkent Institute of Finance,
Tashkent, UZBEKISTAN
Email id: aabdullayev333@gmail.com

DOI: 10.5958/2319-1422.2022.00018.2

ABSTRACT

Improving the efficiency of the economy, ensuring sustainable economic growth on an innovative basis requires a more detailed analysis of economic relations and relationships that have developed between the financial and real sectors of the economy at the present stage. The relationship between the financial and real sectors of the economy is expressed through economic relations occurring at different levels of management. The role of financial institutions in the formation of investment resources of institutions of the real sector of the economy is significant.

A variety of theoretical approaches to studying the interaction between the financial and real sectors of the economy has given rise to heated discussions and there is still no consensus on many fundamental issues. On the one hand, the barriers to the generation and diffusion of innovations, the spread of innovations in the economy are the lack of a balanced interaction between the financial and real sectors of the economy, primarily the insufficient level of development and quality of financial institutions. On the other hand, institutions of the real sector of the economy, having free funds, instead of investing them in new technologies and equipment, themselves rushed into the financial sector for speculative purposes in order to obtain high profits. From these positions, the need to study the problem of interaction between the financial and real sectors of the economy seems to be relevant now.

KEYWORDS: *Real Sector,Innovation, Financial-Industrial Groups,Investment, Shareholder.*

1. INTRODUCTION

According to the world experience, the strong integration of the banking and financial system and industrial sectors will contribute to increasing the stability of the national economy and increasing innovation activity in its sectors.

Today, by strengthening the integration of financial and industrial capital in the world economy, high results are being achieved in the development of innovations and their widespread introduction into the sectors of the economy. In particular, in countries with rapidly developing economies, the activities of corporate structures based on the integration of financial and industrial capital play an important role in increasing innovation activity in various sectors of the economy. Also, ensuring the integration of finance and industrial capital will not only create favorable conditions for the activities of financial institutions, but also strengthen the process of implementation of targeted projects by industrial enterprises and the achievement of high efficiency.

The experience of countries around the world shows that high-level companies operating as main and subsidiaries fully or partially consolidate their tangible and intangible assets through economic integration to create new jobs, increase production efficiency, expand markets for goods and services and implement competitiveness projects. integrated corporate structures are common. Financial-industrial groups are a common form of these integrated corporate structures. The establishment of financial-industrial groups plays an important role in enhancing the stability of the national economy, along with strengthening the integration of financial and industrial capital.

The world experience of formation and development of financial-industrial groups shows that they serve as an effective tool for strengthening integration between financial institutions and industrial enterprises, sustainable development of high-capacity industries and increasing the country's innovative potential.

The necessity and expediency of integration processes in the economy is determined by the degree to which the mechanisms of distribution of the effect resulting from the merger among the participants are coordinated. This is because the mismatch in the involvement of individual participants in the group and in taking into account their interests has a negative impact on the process of formation of financial-industrial groups in the economy. This situation will also be a serious obstacle to the sustainable development of financial and industrial groups in the future.

2. Literature Rewiev

The formation of integrated corporate structures by ensuring the integration of the banking and financial system and industries has been studied by many foreign economists as a specialized research, and these studies have important scientific approaches. In particular, M. Bendikov(2006) argued that integrated structures have a high potential for innovative development of science-intensive industries.

E.Rudtskaya and E.Khrustalev(2010) spoke about the creation of an effective mechanism for increasing the innovative potential of the economy through the formation of financial and industrial groups, the creation of innovations and their application to innovation, as well as the capitalization of innovations and their introduction into the manufacturing sector.

O.Khrustalev (2011) argued that these issues can be positively addressed through the formation of financial-industrial groups by conducting research on financial methods of financing the innovative activities of enterprises and coordination of economic interests of participants in investment projects. He also developed models for the formation of integrated corporate structures in a science-intensive production complex.

S. Larin (2011), on the other hand, conducted research on the role of financial and tax policy instruments in the formation of the target infrastructure of innovation systems and the promotion of its activities, and developed their structural structure.

V. Dementev (1998) argued that the formation and implementation of a single scientific, technical and investment policy within the financial and industrial groups will increase the innovation potential, and the diversification of enterprises will constantly stimulate the creation and implementation of innovations.

3. Research Methodology

It is advisable to use model analysis of financial-industrial groups to ensure equality of interests between the participants of financial-industrial groups. The main issue should be to meet the needs of partners in the group for new products, as well as to study the innovative aspects of financial-industrial groups, which determine the strategic competitive advantages associated with the financing of innovative activities of financial-industrial groups by financial institutions.

The Bank's participation in the capital of a new product manufacturer increases its interest in financing the production and improvement of the company's products.

Capital relations between the participants of the financial-industrial groups affect the increase of the integration potential, as the increase of the integration effect is an acceptable situation for all participants. Quantitative analysis is necessary to determine the extent of the bank's participation in the capital of industrial enterprises, a reasonable mechanism for lending and the conditions for effective financing of new production. In this case, the issue of modeling the innovative effect of banking and industrial capital integration is important. Conditionally, three types of models can be distinguished: representative, regression, and conceptual.

The first will be aimed at involving a wide range of relationships in the model, fully covering the external and controllable parameters, various factors in the model. However, the more connections are included in the modeling, the more the validity of the model depends on the level of previous connections.

Regression models, on the other hand, represent statistically significant relationships.

Conceptual models help to illuminate the nature of economic phenomena and to determine the characteristics of their relationship based on the separation of important aspects of the occurrence of economic phenomena (Rudtskaya, Khrustalev, 2008).

According to foreign experience, the perfect development and solution of management tasks in many economic systems is one of the important issues, the experience of modeling such systems provides a favorable basis for the development of representative models of financial-industrial groups. In the case of improper organization of mutual corporate relations, the relevant calculations can have a significant effect in terms of saving working capital, optimizing tax liability. In complex conditions, this type of economy often has a positive effect on the stabilization of the activities of grouped enterprises.

The following are the most important areas of model analysis of financial-industrial groups:

- Coordination of investment decisions within financial and industrial groups and distribution of profits from the implementation of relevant investment projects;

- Coordination of joint-stock, credit and cooperation relations along the technological chain;

- Innovative advantages of financial and industrial groups;

- Financial-industrial groups as a mechanism of mutual insurance of group members;

- The nature of the relationship between the participants of the financial and industrial groups and the coordination of interests within the group;

- Increased productivity of existing production resources in financial and industrial groups.

In practice, many results have been achieved in modeling the integration effect associated with resource turnover in the implementation of production and investment programs of financial-industrial groups. Within the framework of financial-industrial groups, the economy of working capital is assessed in cooperation with enterprises.

From the point of view of realization of strategic advantages of financial-industrial groups, it is important to express dependencies in these structures, which characterize investment and innovation processes in particular. Modeling of such processes plays an important role in solving strategic issues in the activities of financial and industrial groups.

4. Analysis and Results

In the organization of high-capacity production in financial-industrial groups, it is important to effectively organize its financial aspects. According to modern research, it has been confirmed that the innovative type of economic growth plays a key role in technological relations in a number of advanced foreign countries and in the world economy as a whole. It is based on a system of creating scientific innovations and their application to innovation, as well as mechanisms for capitalizing innovations and expanded reproduction. The effectiveness of these mechanisms determines the innovative potential of the economy and the ability to create and implement innovations in the economic system. In the activities of financial-industrial groups there are favorable conditions for the positive solution of the above issues (Bendikov, Khrustalev, 2006, Frolov,2007, Khrustalev, 2010).

The world experience of formation and development of financial-industrial groups shows that they serve as an effective tool for strengthening integration between financial institutions and industrial enterprises, sustainable development of high-capacity industries and increasing the country's innovative potential.

Studies show that the following models of development of financial-industrial groups are widespread in the world economy: Anglo-American, German, Latin and Japanese.

The Anglo-American model applies in the United Kingdom, the United States, Australia, and Canada. The basis of industrialization in these countries is the mechanism of capital accumulation on the basis of entrepreneurship. Capital is formed at the expense of institutional shareholders (banks, insurance companies and pension funds) and operates through a separate and independent shareholder mechanism.

The German model applies in Germany and Austria, where the financial basis of large and medium-sized corporations is the banking system, in which the role of individual shareholders is insignificant. The banking mechanism of the German model focuses on long-term investment relations between the financial and industrial sectors in the structure of corporate relations. In this model, banks are the suppliers of debt capital to companies in need of external sources of financing.

An important feature of the German tradition is determined by the interdependence of industry with the bank. Stable horizontal financial-industrial associations occur in the intersectoral integration of industrial enterprises with financial institutions on the basis of financial, joint-stock, as well as business relations. In addition, the banks pay special attention to the allocation of large financial resources for promising investment projects, new research and innovation in the activities of enterprises belonging to the group.

The Latin model is used in France, Belgium and Italy. In this model, individual and family corporations emerged in the form of free corporate networks as a result of mergers by investment companies and holdings of investment banks.

The Japanese model is characterized by long-term investment in the industry, close ties between the financial and industrial sectors. Japanese banks not only provide loans, but also organize financing and cooperation meetings of financial-industrial groups. The bank also provides financial support for projects aimed at the production of high-capacity products and innovations in industrial enterprises.

The main advantages of innovative development in the national economy through the establishment of financial and industrial groups are:

- In the framework of the integration of financial and industrial structures, it is planned to implement projects aimed at achieving high economic efficiency, which will support the large-scale introduction of innovations in practice;

- As a result of the merger of finance and industrial capital, the turnover of financial resources will accelerate, and as a result, enterprises will have a high opportunity to finance innovative activities. This is because the issue of introducing new research and innovations in the activities of enterprises operating in the real sector of the economy today is directly related to the provision of financial resources. The formation of financial-industrial groups creates a favorable basis for a positive solution to the above problem.

- The formation and implementation of a single scientific, technical and investment policy within the structure will have a positive impact on the growth of innovation potential;

- Encourage the production of high-capacity products in financial and industrial groups, conduct in-depth marketing research and activities to expand markets, encourage the introduction of innovations in production;

- The advantage of the financial and industrial structure in the vertical integration of manufacturing enterprises is the improvement of their activities and financial stability as a result of the merger of technologically close production units. It also plays an important role in achieving significant positive results in the field of innovation.

- The diversification of activities of the enterprises of the group encourages them to constantly conduct research and strengthen activities aimed at creating and implementing innovations.

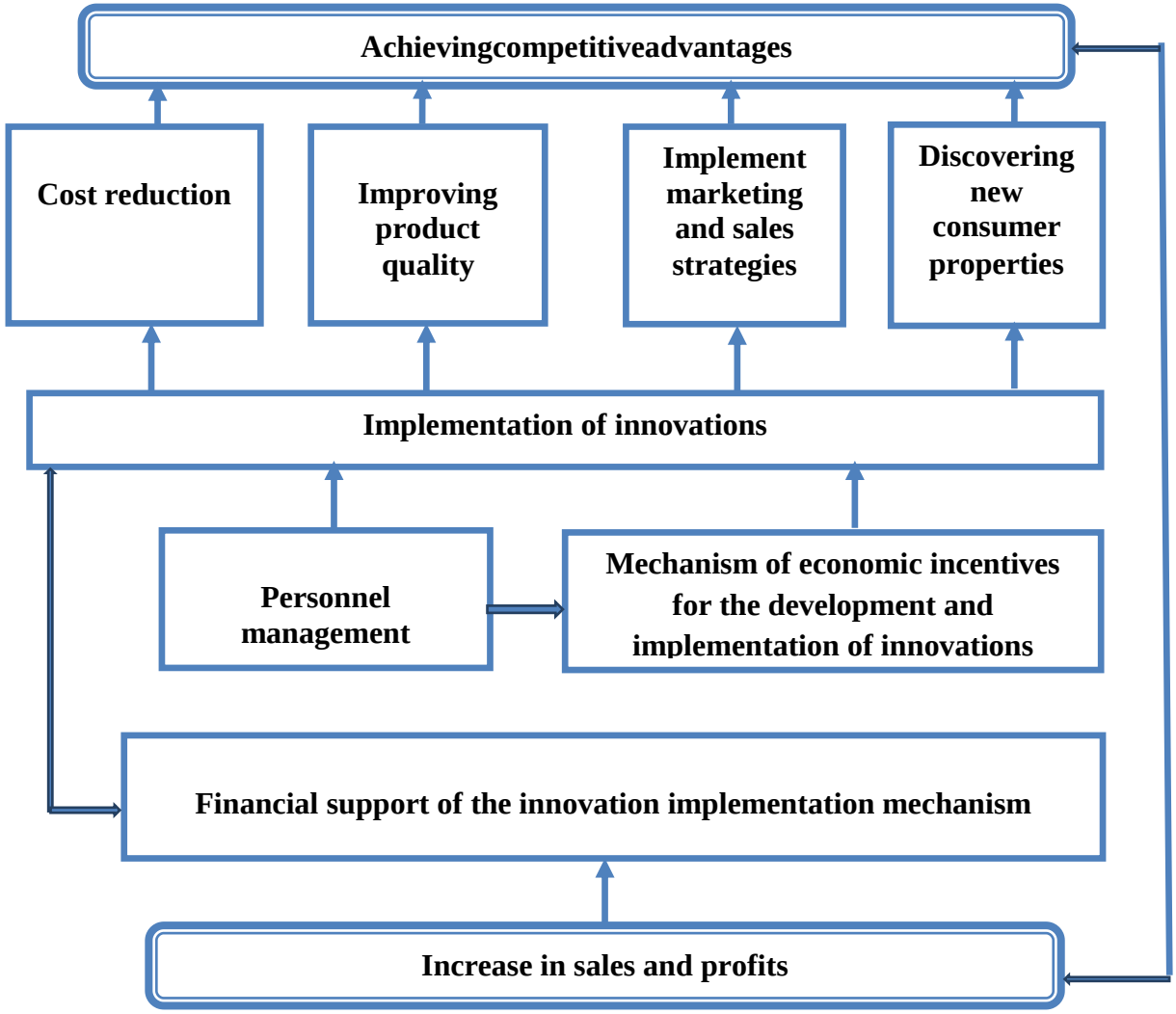

Figure 1.The interaction of competitive advantages over profit margins in financial-industrial groups and vice versa

One of the urgent issues in the Republic of Uzbekistan is to increase the stability of the national economy through the introduction of advanced scientific and technological achievements and innovations in various sectors of the economy. At the same time, the issue of accelerating economic growth on an innovative basis should be addressed by combining the actions of two main areas of economic development:

- Creation of an effective market, including the development of its innovation segment, which provides a wide range of innovations;

- Implementation of structural modernization of the economy on the basis of technical and technological modernization of production, creation of favorable conditions for the spread of modern technologies.

Consistent introduction of innovative developments in this direction in the activities of industrial enterprises will serve to increase the quality and competitiveness of products in the future.

Today, the market in industrialized and scientifically advanced countries can be represented as a stable complex of companies, banks and financial intermediaries. This complex is characterized by the interrelationships and complex relationships between its elements as the basis of financial and industrial cooperation and in the form of competition. The general form of direct and indirect relations in the process of updating products and technologies within the financial-industrial corporate structures can be described as follows. (See Figure 2).

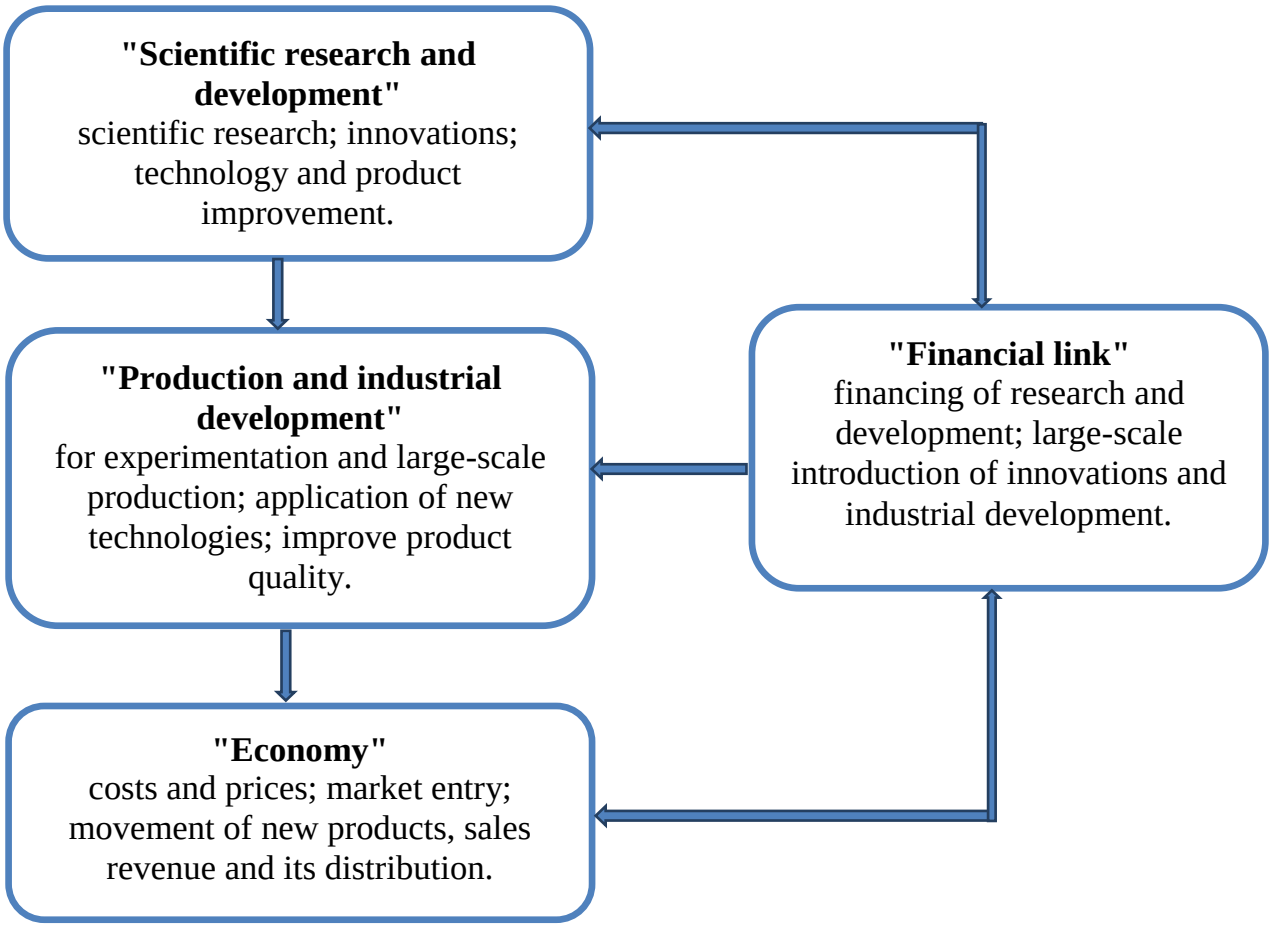

Figure 2. The structure of direct and inverse feedback in the mechanism of technology and product innovation

Supporting the high efficiency of market activity in the process of long-term economic reforms is aimed at ensuring the rapid technological processes in the economy. This goal will be achieved, first of all, through the unification of market and centralized systems of regulation of economic activity in the field of creation and distribution of innovations.

Effective and sustainable enterprises must pay special attention to addressing interrelated management issues in order to achieve strategic planning goals. The main ones are: marketing research in the market and adaptation to its current and future requirements; investment support of production at the expense of cash and rational organization of mutual payments; development

of scientific, experimental and production capacity aimed at the organization and use of investment, scientific, technical and technological opportunities, increasing the level of technological re-equipment in ensuring the competitive advantages of products; improving the pricing system; professional development of staff, etc.

Measures to form the target infrastructure of innovation systems and stimulate the activities of its constituent elements should be complemented by financial and tax policy instruments that have a positive impact on initiative (Larin, Khrustalev, 2011).

An important part of the set of tools used to support innovative development is the formation of the necessary infrastructure and the activation of investment in the introduction of innovations in the activities of enterprises under the direct encouragement of the state. Direct measures are particularly effective if they are focused on the needs of the private sector and have an incentive nature for enterprises. They will be less effective if a structure that responds quickly to changing conditions and a strategy to achieve specific goals is not developed. Positive results are obtained when using a set of measures that do not require high flexibility.

The process of direct state support includes the following measures:

- Support the activities of research institutions in conducting research and development work focused on industrial needs;

- Strengthening the skills of scientific, engineering and technical staff working in the field of innovation;

- Targeted support for research in the private sector. At the same time, the focus should be on supporting research projects aimed at creating new types of products and carried out jointly by different enterprises, as well as the activities of real sector enterprises;

- Redistribution of research resources to increase innovation activity through the integration of science and industry. This situation should be directed to the formation of leasing and consulting centers, science and technology parks, business incubators, to support the allocation of production space to enterprises on the territory of universities and research institutes;

- Mediation activities aimed at testing the developed innovations and other ancillary activities, providing consulting services, support for the creation of a database of innovative activities. This activity should be carried out in the interests of small and medium-sized enterprises, which have a strong need for ancillary services due to lack of financial resources;

- Systematic measures for the development of mutually coordinated tools used to overcome complex structural shortcomings of innovative systems. These should be aimed at improving the performance of innovative cluster entities, such as a network of companies, scientific institutions that support producers and consumers, interconnected in a single chain, for mutual benefit.

In recent years, trends aimed at strengthening liberal principles in the regulation of economic development in developed market economies have created favorable conditions for a significant expansion of the use of indirect methods of financial support in the form of tax benefits. Features of the development of the structure of the national economy in Uzbekistan, including differences in the tax system, as well as corporate legislation, require the development of various forms of tax benefits and their effective use in innovative industries. One of their acceptable manifestations is special tax benefits for capital investments in research and development, as well as benefits for depreciation.

It should be noted that innovation is one of the important strategic resources of the state. Successful solution of socio-economic problems, introduction of new industrial and financial technologies, development of innovation and investment infrastructure, preservation and increase of intellectual potential, production of import-substituting export-oriented products, accumulation of foreign exchange reserves are to some extent associated with innovation. The formation of integrated corporate structures by ensuring the integration of financial and industrial capital is an urgent issue in promoting the development of innovative developments and modernization of production, the introduction of technical and technological renewal processes. This is because financial institutions play an important role in financing the process of implementing innovations in industrial enterprises. Therefore, in world practice, the innovative potential of financial and industrial groups is highly valued.

It is expedient to establish large innovative marketing centers in our country to ensure the free movement of products on the basis of national enterprises with international experience in operating in the markets of high-tech products. These centers, together with organizations regulating foreign economic activity, should develop mechanisms to ensure the participation of national products based on high technology in world markets.

The main activity of national enterprises should be aimed not only at expanding the domestic market, but also to take a strong position in the markets of the world and increase their share in these markets through the production of competitive products.

The government should support targeted participation in the process of establishing global networks of leading innovation activities, such as the Innovation Relay Centers (IRC) and the European Business Network (EBN).

The emergence of a new field of innovative entrepreneurship and its development on the basis of market relations requires effective integration of financial and industrial structures, as well as specialists-managers who meet the requirements of the new system. They should not only have a high scientific and practical potential and be able to apply national and foreign experience in creating innovations, but also be able to anticipate the need for innovation and be able to use modern marketing methods in a competitive environment. The main thing is that they should be able to substantiate the commercial effectiveness of the innovative project, its technical and technological implementation, as well as a reasonable assessment of the production and financial and economic conditions of the consumer of innovations. The research conducted confirmed the importance of the economic effect achieved as a result of the activities of integrated enterprises and its place in the stability of the national economy.

5. Conclusions and Suggestions

Based on the scientific results obtained on the basis of research, the following can be concluded:

- Integration of manufacturing enterprises and commercial banks in the national economy not only strengthens the overall marketing position in the market, but also the distribution of responsibilities, adherence to corporate procedures, management systems based on the interests of each enterprise and the unity of strategic goals. means a combination of technological, financial and intellectual potential.

- Based on international experience, we believe that the following models can be used to organize the activities of financial and industrial groups in the Republic of Uzbekistan:

- Japanese model;

- German model.

The peculiarity of these two models is that the task of coordinating the activities of financial-industrial groups is mainly performed by banks. In these models, banks also play an important role in the implementation of targeted projects aimed at the production of high-capacity and competitive products and the development of innovative activities within groups.

- Ensuring the integration of financial and industrial capital in Uzbekistan will increase the potential of enterprises to introduce large-scale innovations in the future. This is because the process of introducing innovations in enterprises in the real sector of the economy is directly based on the need for financial resources. This issue will be addressed positively by ensuring the integration of financial and industrial capital.

- Formation of highly integrated corporate structures engaged in the production of high value-added finished products, sellers of goods, services on the basis of integration of enterprises and financial institutions in the manufacturing industry and implementation of targeted projects aimed at producing high quality and competitive products and developing innovative activities should.

- It is necessary to form corporate structures in the form of holdings through the vertical integration of industrial and service enterprises, whose technological period of production is interconnected, and to direct banks' investments in promising projects. Particular attention should be paid to the involvement of technologically and cooperative-related enterprises producing competitive products in domestic and foreign markets, and the introduction of projects aimed at covering all stages of reproduction and increasing the financial and production capacity of enterprises.

- In order to ensure the widespread introduction of innovations in the economy of the country and to achieve high efficiency in the future, it is expedient to establish a state body to monitor the process of development and implementation of innovations.

In conclusion, the formation of an innovative market in Uzbekistan should be supported by qualified scientific, technical, technological and financial management, which is one of the key elements in the mechanism of development of intensive sectors of the economy, ensuring sustainable economic growth.

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