

## **The cluster mechanism as the basis of competitiveness of the silk industry of Uzbekistan**

**Abstract:** In this article, on the basis of cluster analysis recommendations on the development and implementation the cluster in the silk industry of Uzbekistan. Are given it is recommended to use of foreign experience and its adaptation in relation to the silk industry.

**Keywords:** cluster, cluster policy, cluster mechanism, silk processing enterprises and silk complex.

**Introduction:** Foreign experience shows that the cluster approach is recognized as a policy to improve the competitiveness of national and regional economy.

The long-term development strategy of silk industry predicts the growth of its competitiveness in both traditional and new knowledge-intensive sectors at the expense of turning innovative factors in the main source of economic growth. In these conditions, for the regions of Uzbekistan is occurred particularly actual issue of the new regional policy, based on the innovative model of economic growth with leading the development of high-tech industries the formation of clusters is a natural stage in the evolution of technological and economic relations and cluster policy is the new policy of regional development.

**Analysis:** Cluster as an economic agglomeration of interrelated enterprises in sectors such as agriculture and silk industry is a growth point or an important factor for sustainable economic development of the region. Thus, cluster policy, creates conditions for activization of innovative activity in the real sector of the economy and its modernization for the formation technological leaders.

According to the latest global economic trends and priorities of developing community strategic providing perspective sustainability and competitiveness of the territory becomes economic development. Accordingly, the role of economic-oriented clusters in the region rapidly improves. Such clusters are usually focused on solving problems of increasing the efficiency of given industries.

An important feature of the cluster is the combination of competition and cooperation between the participating enterprises. The close cooperation between enterprises in the cluster lead to positive synergy effects, so the success of one enterprise is inseparable from the overall success of the cluster.

On the basis of the cluster education the exchange of information between industries, customers, and suppliers related industries is lied. Competition between

cluster companies may have a negative impact on the exchange of information, because each of them wants to use it themselves. However, the idea of the cluster lies in the fact that the exchange of information between the participants was mutually beneficial. The emergence of clusters is explained by the transfer of technological chains of goods with high consumer value and other benefits of high competitiveness of enterprises - the mother of the cluster to the companies allied. Mutual exchange can be achieved only in the case of reciprocity economic interests, which forces us to cooperate related industries in a single technological chain. Competitiveness extends upward along the process chain. Cluster enterprise is forced to raise the quality of semi-finished products and thereby force their suppliers to improve their competitiveness<sup>1</sup>.

In this connection it is necessary to determine the benefits of cluster development industry and the possibility of implementation of cluster policy into silk industry of Uzbekistan.

When conducting cluster policy the main thing is development of a competitive market, maintaining competitiveness as a main force to improve the competitiveness of enterprises.

Cluster policy pays special attention to the analysis of local markets and companies that are not based on natural resources, but based on created factors of production such as skilled workforce, available infrastructure, etc.. When implementing cluster policy it is important to take into account local peculiarities of the development and to develop effective programs to accelerate development and increase the competitiveness of industries.

Cluster policy implementation should be based on interaction among industries, business and research institutions to coordinate efforts to increase the innovativeness of production, which promotes mutual improvement and efficiency in the work.

The implementation of cluster policy should be directed to promoting and enhancing the innovative capacity firstly in small businesses, for example enterprises are silk industry. Particularly small businesses form whole clusters and cluster initiatives - main objects of carrying out cluster policy<sup>2</sup>.

In the industrial complex of the textile industry of Uzbekistan silk industry plays an important role. This, of course, linked to the availability of resources, providing silk enterprises quality raw material, which generally increases the

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<sup>1</sup> Fedorenko, O. S. Activization of investment activity on the basis of cluster approach/ Management/ economic systems: electronic journal. (<http://www.uecs.EN/marketing/item/237-2011-03-24-12-2016?pop=1&print=1&tmpl=component>)

<sup>2</sup> Yashveva, A. Formation of cluster policy as a way to improve competitiveness of the national economy (<http://innclub.info/index.php/text.>)

competitiveness of this industry<sup>3</sup>. The silk industry has a number of features that positively distinguishes it from other industries and make it for Uzbekistan the most important launching pad for the beginning of high rates of economic growth. The attractiveness of the silk industry is caused by a stable resource base, high quality silk with available energy prices, low-cost skilled manpower, support and favorable conditions created by the government of the Republic<sup>4</sup>.

The current mechanism for the development of silk industry weakly stimulates the organization and development of enterprises for integrated processing of raw silk and increase added value in the final product. The development of silk industry is inextricably linked with the efficient operation of the industry of agriculture, where they grow a cocoon as raw materials for the production of raw silk. When high-quality rearing cocoons out of silk can be 42-45%. At present, this figure varies between 30-35%.

World practice shows that effective and competitive way can be vertically integrated industry of "four stages": dry cocoons - raw silk - yarn - silk fabric - finished garments product.

One more important reason constraint which development of silk industry, is the technical and technological backwardness of silk enterprises from their foreign competitors. Today, the strategy of the silk industry in the Republic aimed at restructuring, technical and technological renovation of enterprises, which involves the installation and use of high-performance, modern equipment.

Operational capacity of silk enterprises formed due to the installed equipment produced in China and Korea 81,6%; Japan and Uzbekistan to 18.4%. The specific weight of the equipment installed on the silk companies is: PRC - 71%; Korea and Uzbekistan by -11% and Japan - 7%<sup>5</sup>.

Analysis of running silk enterprises shows that their enterprises will replace the equipment at least five to seven years. Comparing the rate of the development of inter-sectoral cooperation with engineering, when China over the last 10 years has updated Park silk equipment at 86% and 100% silk, it is possible to assert with confidence that the products that are produced by local enterprises on older equipment, yet can't compete.

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<sup>3</sup> Madjidov Sh., Khakimov B. Viewpoints about potential stimulation and possibilities of investments on textile industry of Uzbekistan. European journal of business and economics. Volume 6/2012-22-24 page. (<http://ojs.journals.cz/index.php/EJBE/article/view/138>)

<sup>4</sup> Madjidov Sh., Pardayeva Z. Attracting foreign investment and increase export opportunity of Uzbekistan silk industry // The 8th Int'l Joint Conference "Green Growth Strategy of SMEs (Small and Medium sized Enterprises) In the New Silk Road Countries". - Korean Association of Logos Management, Kumoh National Institute of Technology. 2010. June 3. (<http://shkolnie.ru/ekonomika/5443/index.html?page=4>)

<sup>5</sup> Madjidov Sh., Khakimov B. Cluster analysis of using capacities of Uzbekistan silk branch. Federation. Journal. Russia. 2014 No. 1-2.

For reasons associated with low levels of innovation and investment activities include the holding of lack of research in the silk industry. World practice shows that attention to science innovation is very important.

Act on the establishment of cluster mechanism in the silk industry should be done step by step.

At the first stage the following activities should be carried out:

- the analysis and diagnosis of cluster mechanism, the disclosure of incentives for the development of silk industry through the creation of a cluster;
- the mechanism of cluster formation, including the definition of specialization farm and participants;
- development of the management structure of the cluster and the formation mechanism of interaction cluster with the administration of the regions and industries;
- the cluster formation, i.e., the system of financial relations with potential investors and the legal and institutional base;
- the estimation of the efficiency of the operation and strategic development of the cluster.

The second stage will be based on the development of capacities and the development of chains added value in related industries: agriculture, silk and silk production, mechanical engineering, chemical industry and transport infrastructure; integrating the silk industry of Uzbekistan into the global market, creating and promoting "Uzbek silk" brand<sup>6</sup>.

The cluster creation process objective, however it, is the great importance for industrial policy. To stimulate integration processes in the cluster, attracting business of great importance will have a variety of benefits, acceleration of the process of obtaining loans of different kinds of investments under cluster projects.

**Conclusion:** The implementation of the model will allow for sustainable development and competitiveness of silk production. Clustering silk industry is an objective necessity to strengthen its competitiveness, because the clusters represent the optimal combination of market opportunities for the self-regulation of the economy with public impact. This synergistic effect is able to identify new and strengthen traditional "points of growth" of the silk industry, which ultimately will strengthen its competitiveness in the national economy, both in local and foreign markets.

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