

CLUSTERING: THEORIES AND KEY PROBLEMS

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ABSTRACT --The article discusses one of the key areas of economic reform, the theoretical analysis of the clustering process, the main problems arising in the implementation of the cluster approach, and in part, the foreign experience.

Keywords-- clustering, integration, "best practices", value added

I. INTRODUCTION

Changes in the Uzbek economy and the monitoring and analysis of ongoing reforms indicate that new trends are emerging in it. Leading industries are making structural changes and transforming into an unconventional form of organization called clusters. Of course, the emergence of new organizational structures can be positively assessed, but there are some aspects that need to be considered in the creation and effective functioning of these structures, which require careful analysis and assessment of their impact. In particular, the organization of clusters has several theoretical perspectives that differ in one way or another. Each theory is effective under certain conditions, which means that it is not appropriate to apply it at the national scale.

It is desirable to take into account the real domestic potential of the country in conducting the clustering policy, to analyze the objective factor of the implementation process, and to view the clusters in terms of different approaches, not just the clusters. First of all, it is important to establish a legal framework for the activities of these new structures that are new to us. Any reforms without proper legal framework will not give the expected results. The Decree of the President of the Republic of Uzbekistan dated December 21, 2016, No PP-2687 "On the Program of measures for the development of the textile and garment industry for 2017-2021" served as the first legal basis for the initiation of clustering process in the textile, clothing and knitting industry. In the post-adoption period, a number of decisions have been made to cluster the economic shocks, and today, clusters have become one of the leading organizational structures for economic development.

II. LITERATURE REVIEW

Analysis of clustering approaches allows you to divide them into the following groups:

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The first is based on the Alfred Marshall opinion, which is based on the efficiency achieved through the sharing of common resources as a result of agglomeration and integration. According to this theory, a cluster is a group of interconnected networks that have a single purpose and are formed using a common local labor market.

The second relies on the theory of Michael Porter (2003), which is explained by the high competitiveness of firms achieved by the production interactions in regional network clusters. The geographical proximity of firms in this concept is explained by many factors: the possibility of cost savings in agglomeration, urbanization, value chain linkage, innovation, and so on. [3]

Third, the theory of industrial (feasibility) clusters, based on the assumptions about supplier relationships, social and other factors, intersectoral technological links in the value chain. [2]

Problems for implementing a cluster approach can be divided into two groups: general problems in cluster policy and problems arising from the socioeconomic status of a country or a particular region.

The main feature that makes it difficult to implement cluster policies is the differences between the network, location and organizational structures of the clusters.

According to Lizunov, Metelev and Solovev, the goal of clustering and developing networks today is to show competitiveness by creating certain organizational conditions. At the same time, the best strategies are used as a means to accelerate regional development. [4]

Government agencies at different levels try to use the best practices in clustering based on what has been done abroad. Therefore, the acute problem facing cluster policymakers is the dilemma of the “best practices”, since the measures that have been shown to be effective in the development of a cluster, in some cases, may be ineffective. From this it is necessary to evaluate the feasibility of using the cluster policy instrument in the present situation.

In addition, pursuing the same ambitions causes another problem - the cluster only developing in the same direction. Governments seek to create innovative clusters to improve the region's competitiveness, but the question of whether there are real opportunities for doing so is often overlooked. Regions should invest in technology based on available resources and opportunities.

III. ANALYSIS AND DISCUSSION OF RESULTS

One of the problems with clustering is its politicization. Many regions use clusters as a modern brand. There are cases when one industry structure is called a cluster to attract attention and investment. It is not an exaggeration to say that such clusters are classified as “politically supported”. They are judged on the basis of their political ambitions, not on the basis of deep economic analysis. As a result, economic competitiveness is a prerequisite for development today. Unfortunately, this category of pseudoclasts is included in regional development programs, but development is slow or poorly developed.

The next challenge in designing and implementing a cluster policy is that it should unite and interconnect the interests of the various parties involved in the clustering process, and encourage and motivate the development of the parties, taking into account different and sometimes conflicting interests. In addition, the cluster policy operates at the fixed levels of power and, of course, requires coordination [1].

Given the underdevelopment of the cluster approach in Uzbekistan, it is advisable to analyze cluster initiatives in developed and fast-growing countries in order to identify key constraints or constraints on successful implementation of cluster policies.

Developing countries in terms of cluster establishment and implementation, as well as the cost-effectiveness, in particular, the CIS countries are achieving good results. At the same time, there are objective barriers to the adoption and implementation of cluster policies in developing countries, which cannot be ignored.

Researchers at the Stockholm Center for Strategy and Competitiveness, based on research, have identified three cluster initiators: government, business and donor organizations (international funds). The concept of the initiator reflects the concept of project financing. However, the governments of the CIS countries are more passive in terms of financing than the developed countries. Therefore, in many CIS countries, a large proportion of the clusters' main initiators are businesses. It is noteworthy that in the early stages of cluster development, the authorities play a major role. With this in mind, public authorities play a key role in establishing clusters, especially cotton and textile clusters in our country, which can be called the main initiators. In particular, Annex 1 to the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 230 of March 18, 2019 "On Measures for the Further Development of Cotton-Textile Manufactures" provides a list of cotton and textile clusters established and expanded in the Republic. (Table 1) [5]

Table 1:List of regions where clusters of cotton-textile production will be established and expanded from the cotton harvest of 2019 [5]

№	Region, territory	Organizers of cotton and textile production	Land area (hector)*
I. Established cotton-textile production release clusters			
1	Republic of Karakalpakstan,	"Beruniy cluster" LLC	10 275
2	Beruniy district	"WBM Romitex" LLC	26 200
3	Bukhara region, Bukhara, Jondor and Romit districts	"Jizzax Kentex" LLC	8 100
4	Djizzak region, Zafarabad district	"Sangzor-textile" LLC	11 000
5	Dustlik district, Jizzakh region	"Ziyovuddin textile" LLC	8 170
6	Samarkand region, Pakhtachi district	"Samarkand kamalak service" LLC	10 934
7	Samarkand region,	"Kattakurg'on cluster" LLC	11 044

8	PastdargomandNurabaddistricts	“Samarkand cotton cluster” LLC	13 859
9	Samarkandregion,	“Korea- Samarkand” LLC	5 300
10	KatakurganandNurabaddistricts	“Shashmohkashob” LLC	6 572
11	Samarkandregion,	“Surkhandaryoadro service” LLC	6 000
12	PayariqandJombaydistricts	“TermezJayhun Cluster”LLC	15 582
13	Samarkandregion, Akdaryadistrict	“Poly TexSirdarya”LLC	3 030
14	Surkhandaryaregion,	“Fergana Spinning”LLC	5 200
15	LongandAltinsaydistricts	“Besharik textile”LLC	8 000
16	Surkhandaryaregion,	“Great Cotton Export”LLC	2 400
17	AngorandQiziriqdistricts	“Khiva Cluster”LLC	5 688
Expanded cotton-textile productionrelease clusters			
18	Djizzakregion,	“Jizzax Industrial To’qima” LLC	800
19	SharofRashidovdistrictJizzakhIndustrialTextile LLC 800	“SultonTeks Group”LLC	4 800
20	Kashkadaryaregion,	“Indorama Kokand Textiles”LLC KK	10 700
21	KarshiDistrictSultanTeksGroup LLC 4 800	“Namangan MomiqSochiqlari”LLC	10 302
22	CaucasusProvince,	“marokandsifat” LLC	3 717
23	KasbidistrictIndoramaKokandTextiles LLC JV 10 700	“Marokandsifat textile” LLC	500
24	Namanganregion,	“Bulut Textile”LLC	5 425
25	Popdistrict “NamanganMomikSochi” LLC 10 302	“Silverleaf BMB Agro Trade Group” joint stock	9 350
total			202 948

As shown in the table above, the number of clusters and areas allocated to these areas varies considerably. In total, 49,307 hectares of land were allocated to 5 cotton-clusters in Samarkand region, while 3,030 hectares were

allotted in Syrdarya region. This includes taking into account factors such as material and technical base, potential, planning projects, conditions and economic potential of the regions.

Basically, the initiative of the republican level and the weakening of the territorial authorities in this regard can be considered as negative.

The analysis shows that the degree of centrality of cluster policy in developed countries varies. Local governments are based on cluster initiatives in the US, Germany, India and China. In the UK, France, the Scandinavian countries, and the developing economies, the central government bodies have the advantage of forming a cluster policy. [1]

One of the most advanced countries in Europe, the Netherlands with a highly clustered economy, has increased its share of high value-added products through the integration of agriculture with industry. (Table 2) [6]

Table 2:Population,million people

Countires	Population, million people	Arable land, thous.	Volume of agricultural production		
			USD dollars	1 hectares, US \$	
Uzbekistan	33,5	4 400,0	13,2 млрд	3 000	
Netherlands	16,0	1 038,4	131,0 млрд	131 000	

*The data is calculated at the end of 2018

As can be seen from the table above, the Netherlands has 4.35 times less arable land than our country and produces 10 times more goods in value terms. This result is a result of the high level of clustering of the economy, as well as the right actions by the state in this area.

Comparison of cluster policies between countries demonstrates the degree of centrality and territoriality between them: in small countries it has led at the national level and in the large states at the regional level. In countries with large economic reforms, national cluster policies need to be pursued, and it has proven itself as a key instrument for economic development in many eastern European countries.

The role of territorial bodies in the formation of clusters is important because the economic, socio-cultural, infrastructure and other features and trends of the region are identified only on the basis of internal analysis. At the same time, small and medium-sized businesses, which play a key role in the cluster, are not in a position to establish deeper and more effective relationships with national authorities.

Regional and local authorities have up-to-date and complete information on the activities of businesses that are able and willing to establish close contacts with the local business community and cluster participants. Representatives of regional authorities, academia and business will be active in responding to local challenges and solving common regional issues.

The creation of economic zones and technological parks in Uzbekistan in the process of clustering has enormous potential. However, today the economic zones and technological parks are not diverse and clustered. Clustering

should be focused on enhancing the region's innovative potential, attracting investment, and creating favorable conditions for the emergence of new business areas. This is directly related to education, infrastructure and other projects. The problems of these projects, along with attempts to politicize decisions related to cluster activities and underestimation of local conditions, indicate a strong desire to involve large companies, mainly foreign ones, in place of partners. The involvement of large corporations, in particular corporations in the clustering process, is not only beneficial to the region, but also risks the transfer of labor resources from one side to another, the "swallowing" of small businesses by the large, resulting in reduced enterprise flexibility and competitiveness.

In addition to the above, the following "weaknesses" of the implementation of clustering policies in the countries conducting large scale economic reforms can be highlighted:

- underdevelopment of small and medium-sized businesses, poor culture of professional corporate governance;
- underdeveloped infrastructure to support entrepreneurship and innovation, ie informational, organizational and legal support;
- insufficient development of cooperation between entrepreneurs and scientific and educational institutions;
- low level of trust between economic entities, mainly business relations and government agencies;

bilish To consider the clusters as the basis for the establishment and development of the cluster (mainly with access to cheap resources). [1]

One of the expected results from the clustering of certain sectors of the economy is the diversification of exports. The main problem with exports in Uzbekistan's economy is its dependence on exports of natural resources, energy resources and raw materials. In recent years, the state has been making efforts to develop such sectors as processing, services, textiles, and construction, but energy and precious metals continue to play a significant role in exports. The decline in prices and demand for these products could have a very negative impact on the Uzbek economy.

The competitiveness of the finished and semi-finished sectors of the economy is insufficient. Other sectors do not have the ability to support the economy when problems arise in the raw materials sector. As a result, there is a greater probability of negative consequences, such as decline in industrial output, higher unemployment, and lower wages. Taking into account that the main export products, such as energy sources and precious metals, belong to the state-owned enterprises at the national level, it is clear that the above-mentioned negative effects will affect the country. Therefore, one of the expected outcomes of clustering is the diversification of exports in the country's economy, reducing its dependence on certain sectors and sectors.

IV. SUMMARY

The theoretical views presented in this article, a brief overview of the work done, indicators and methods of foreign countries, suggest that regional clusters should be a form of integration and support for small and large (medium) businesses. In other words, traditional macroeconomic and sectoral approaches to the development of small business and private entrepreneurship should be complemented by regional approaches that appear in the form of production clusters. In this regard, we believe that regional clustering policies should include the following areas:

Identification and monitoring of development of economic clusters at regional level, including co-financing of cluster structure, territorial localization of its separate branches, analytical studies of prospects of development in foreign markets, assessment of impact on the region and social sphere;

- Provision of communication platform, platform for potential participants of regional clusters, including their integration into the process of development and discussion of regional development strategies, exchange of experience in the formation of cluster policy;

- Implementation of action programs of enterprises participating in foreign markets, conducting joint marketing research and promotional activities, implementation of educational programs in coordination with key clusters, providing opportunities for cooperation and communication of enterprises and educational institutions;

development of information and communication infrastructure in the regions;- Creating an institutional environment for the development of regional economic clusters.

Clustering of the economy in the aforementioned directions will ensure the timely identification of inefficient forms, creation of new jobs through the allocation of available resources to the most efficient projects, and production of high value added products

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