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SWOT ANALYSIS OF FREE ECONOMIC ZONES (FEZ) IN UZBEKISTAN

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Abstract

In the process of building a new Uzbekistan, special attention is paid to ensuring the balanced development of the regions, including the development of industries and the production of high value-added products based on local mineral resources. Behind these processes are examples of further development of free economic zones, increasing their investment attractiveness. This article provides a SWOT analysis of the activities of the Jizzakh Free Economic Zone, one of the largest free economic zones in Uzbekistan.

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Introduction

The new development strategy of Uzbekistan for 2022-2026 sets the task of increasing industrial production by 1.4 times, continuing the industrial policy aimed at ensuring the stability of the national economy and increasing the share of industry in GDP. For this purpose, the establishment of modern enterprises in the free economic zones (FEZ) of Uzbekistan on the basis of deep processing of local mineral resources to ensure the production of competitive products with high added value, comprehensive and effective use of production and resource potential of the country.

One of the most important tasks today is to study the activities of free economic zones in Uzbekistan, to assess their potential, to identify threats and to develop a strategy for future development. Therefore, this article examines the activities of Jizzakh FEZ on the basis of SWOT analysis and develops some practical recommendations for further development.

Literature review

SWOT analysis is a method of strategic planning, which consists of identifying the internal and external environmental factors of the organization and dividing them into four categories:

Strengths;

Weaknesses;

Opportunities;

Threats.

Maysak O.S. in his research, he studied in depth the essence and content of SWOT analysis. Maysak O.S. In the research, the strengths and weaknesses of the parties emphasized that the analysis included factors of the internal environment of the object, opportunities and threats that may affect the object under study from the outside. For example, an enterprise manages its sales range - this is an internal environmental factor, but trade laws are not controlled by the enterprise - it is an external environmental factor [4].

Madsen Doug Øivind also conducted research on the implementation and practical application of SWOT analysis. In Madsen Doug's research, the SWOT analysis method first seeks to identify strengths and weaknesses, as well as threats and opportunities, and then to establish a link between them that can be used to articulate enterprise strategy [5].

Zagorodnikov A. N. in his research, SWOT highlights the advantages and disadvantages of the analysis [6].

It is a universal method and is used in various fields of economics and management. It can be adapted to the object of study at any level (product, enterprise, region, country, etc.). This method is a flexible method with free choice of the object under study depending on the objectives.

It can be used for both operational evaluation and long-term strategic planning. The use of the method, as a rule, does not require the presence of special knowledge and narrow profile skills.

Disadvantages of SWOT analysis [6]:

The SWOT analysis shows only general factors. Often, the SWOT analysis enumerates only the factors without identifying the primary and secondary factors and without a detailed analysis of the relationship between them. The analysis explains the static state, the image, rather than showing the dynamics of development. The results of the SWOT analysis are usually presented in the form of a quality description. Quantitative parameters are often required to assess the situation.

Kotler F., a world-renowned marketing scholar. The task of SWOT analysis is to provide a structured description of the situation in which a decision must be made. He advanced the idea that the conclusions drawn from it could be described without recommendations and priorities [7].

Vixanskiy O.S. also focused on constructing a SWOT matrix, i.e., constructing action options based on the intersection of fields. To do this, various combinations of marketing factors and internal features of the company are constantly taken into account. All possible pairing combinations are considered and it is emphasized that they should be taken into account when developing the strategy [8].

SWOT analysis is subjective and highly dependent on the attitude and knowledge of the person conducting it. In order to conduct a high quality SWOT analysis, it is necessary to attract a large amount of data from different fields. This requires a lot of effort and expense.

Research methodology

One of the largest free economic zones in Uzbekistan is the Jizzakh Free Economic Zone. SWOT analysis, solution matrix was used in the study of the activities of this free economic zone. Also, in the study of the activities of the Jizzakh Free Economic Zone, the authors conducted a monographic observation and scientific observation based on abstract-logical thinking. Synthesis, induction and deduction methods were also used in the study.

Analysis and results

SWOT analysis was first introduced in 1963 by Professor Kenneth Andrews at the Harvard Business Policy Conference [].

The SWOT analysis is effective in the initial assessment of the current situation.

But it can not replace strategy development or dynamic analysis.

In recent years, special attention has been paid in our country to the establishment of free economic zones and small industrial zones. In particular, during 2017-2021, Uzbekistan has formed a strong regulatory framework for improving the activities of free economic zones, regulating their activities. In addition, large-scale targeted work has been carried out to create a broad system of tax, customs benefits and privileges that will attract foreign and domestic investment.

Today in Uzbekistan "Navoi" FEZ, "Angren" FEZ, "Jizzakh" FEZ, "Urgut" FEZ, "Gijduvon" FEZ, "Kokand" FEZ, "Namangan" FEZ, "Hazorasp" FEZ, "Nukus-farm" FEZ, "Zomin-farm" FEZ, "Kosonsoy-farm" FEZ, "Syrdarya-farm" FEZ, "Boysun-farm" FEZ, "Bostanliq-farm" FEZ, "Parkent-farm" FEZ, "Andijan-farm" FEZ, " There is a free trade zone "Fish producer", free economic zone "Bukhara-agro", free economic zone "Chirakchi", one free trade zone "Termez" and one free tourist zone "Charvak".

The role of SWOT analysis in assessing the activities of free economic zones and determining the prospects of projects implemented in them is invaluable. One of the largest free economic zones is the Jizzakh Free Economic Zone. The role of the Jizzakh Free Economic Zone in the regional economy is shown in Table 1.

Table 1. The Jizzakh Free Economic Zone is located in the economy of Jizzakh region

No	Indicators	2019 y.	2020 y.	2021 y.
1.	Share of FEZ in the GRP of the region (share,%)	1,3	1,2	1,5
2.	Share of Jizzakh Free Economic Zone in industrial products produced in the region (share,%)	11,6	12,0	13,3

SWOT analysis was conducted to study the activities of the Jizzakh Free Economic Zone. The results of the SWOT analysis are presented in Table 2.

Table 2. SWOT analysis of the Jizzakh Free Economic Zone

Strengths	Weaknesses
<p>Availability of raw materials to increase industrial production in the free economic zone; It is a convenient logistics zone for establishing economic relations with other regions of Uzbekistan, neighboring Kazakhstan, Tajikistan; Foreign investors, in particular companies from countries such as China, Russia, Germany, have invested; Sufficient availability of raw materials for processing of agricultural products; Adequate state support for the free economic zone; The interest of local investors is also high.</p>	<p>Low digitalization of production, enterprise management and marketing activities in the free economic zone; Innovative projects, insufficient involvement of them in practice; Low quality of marketing services in enterprises, lack of market research, product range planning, creation of new product copies for market students; High cost of manufactured products; Low profit from the sale of domestic products in foreign markets for exports, non-membership in the World Trade Organization; Low level of staffing, especially in the field of economics; Lack of investment in the free economic zone.</p>
Opportunities	Threats
Diversification of the range and type of industrial	Strong competition in the world market,

products in the free economic zone; Creating a strong supply chain link for material resources entering and leaving the free economic zone; Expansion of digital technologies that implement innovative technologies Further improvement of the quality of industrial products, production on the basis of international standards; Deep processing of raw materials, increase of existing production capacities, creation of new production capacities; Further increase of investment attractiveness, attraction of foreign investors.	declining competitiveness of domestic products; A sharp change in the price situation; An increase in the number of free economic zones and small industrial zones will lead to a sharpening of the competitive environment; Disruption of foreign supply bases in various crises; A sharp rise in the cost of means of production.
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Once a clear list of the strengths and weaknesses of the Jizzakh Free Economic Zone, as well as threats and opportunities, will be established, the phase of interaction between them will begin. To establish these connections, a SWOT matrix with the following appearance is created.

	Opportunities	Threats
Strengths	SO	ST
Weaknesses	WO	WT

Figure 1. SWOT matrix

On the left, in the first stage of the analysis, there are 2 blocks (strengths, weaknesses) with all the indicators of the free economic zone. At the top of the matrix are all the listed opportunities and threats, and 2 more blocks (opportunities and threats) are allocated. From the intersection of the blocks, 4 areas emerge: strengths and opportunities (SO), strengths and Threats (ST), weaknesses and opportunities (WO), weaknesses and threats (WT).

In each area, the researcher should distinguish all possible pairs of combinations and those that should be taken into account when developing a free economic zone organizational behavior strategy.

It is necessary to develop a strategy to use the strengths of the enterprise in order to carry out productive work from the opportunities that arise in the external environment in relation to the pair from the field of strengths and opportunities.

For couples who show up in the field of weaknesses and opportunities, the strategy should be structured in such a way that they try to overcome the existing weaknesses in the enterprise in exchange for the opportunities that arise.

If the pair is in the area of strengths and threats, then the strategy should focus on using enterprise strength to eliminate threats.

Finally, for couples in the area of weaknesses and threats, the enterprise should develop a strategy that allows it to both get rid of weakness and try to prevent the threat that threats pose.

When developing a strategy, it is important to keep in mind that opportunities and threats can be mutually exclusive. Unused opportunities can become a threat and become an opportunity for competitors. Successfully eliminated threats can open up additional opportunities for the enterprise only if competitors are unable to eliminate this very threat.

To successfully analyze the business environment through the SWOT analysis method, it is important not only to be able to identify threats and opportunities, but also to be able to assess them in terms of importance and level of impact on business strategy.

In developing the strategic plan, special attention should be paid to the solutions of the "internal weaknesses of the enterprise - external threats" and "internal strengths of the enterprise - external threats" quarters, as increasing the flexibility of the enterprise, its resilience to external influences is a criterion of strategic management.

Table 3. Matrix of solutions based on the results of SWOT-analysis

Internal strength sides (S)	Opportunities (O)
	Diversification of the range and type of industrial products in the free economic zone; Further improvement of the quality of industrial products, production on the basis of international standards; Deep processing of raw materials, increase of existing production capacities, creation of new production capacities; Creating a strong supply chain link for material resources entering and leaving the free economic zone; 4. Further increase of investment attractiveness, attraction of foreign investors.
S1. Availability of raw materials to increase industrial production in the territory of the free economic zone S2. It is a convenient logistics zone for establishing economic ties with other regions of Uzbekistan, neighboring Kazakhstan and Tajikistan S3. Foreign investors, in particular companies from China, Russia and Germany, have invested S4. Sufficient availability of raw materials for processing of agricultural products S5. Adequate state support for the free economic zone S6. The interest of local investors is also high.	S1, S3, 02, 03 ... - Expansion of export geography and development of trade intermediation in foreign markets; Ta S4, S2, 02, 03 - Expansion of digital technologies that implement innovative technologies; S5, S1, 02, 03 - increase the volume of production of finished products in the industry, strengthen technological innovation; S2, 03, 05 - Improving the organization and management of supply chains for the movement of material resources in the free economic zone.

The solution matrix is filled with solutions obtained using BKG, McKinsey and ADL-LC matrices.

Assessing the attractiveness of the free economic zone under study as average, it is possible to suggest that selective investment according to the McKinsey matrix is a low-risk and highly profitable measure with the same assessment of its competitive position.

Table 3 can be used to finalize the strategy. Strategic solutions include the stage of development of the free economic zone (growth, maturity, decline), the selected competitive strategy (low cost, differentiation, focused differentiation, focused strategy of low cost), the movement of the free economic zone (offensive, defensive, offensive and defensive) determined depending on.

Conclusion

It is expedient to determine the impact of the free economic zones in Uzbekistan on the economy of the regions through the SWOT analysis, systematic placement and improvement of their activities.

1. SWOT analysis of free economic zones Analysis of each factor serves as an important factor in

preventing potential risks and achieving sustainable development.

2. The model, which provides for the development of free economic zones based on the coordination of management systems at the macro, micro and regional levels, expands the powers of directorates based on the SWOT and solution matrix.
3. Establishment of close cooperation between the participants of free economic zones in the Jizzakh free economic zone with the widespread use of cluster approaches of industrial enterprises, private entrepreneurs.
4. In the Jizzakh Free Economic Zone it is expedient to develop targeted programs based on innovative technologies for the priority development of mechanical engineering, electrical engineering, energy, pharmaceuticals, processing of agricultural products and chemicals.
5. It is expedient to include in the program of perspective development of the free economic zone "Jizzakh" a plan of information and advertising activities to attract investors.

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