

ENSURING SUSTAINABLE ECONOMIC DEVELOPMENT OF INDUSTRIAL ENTERPRISES IN THE WORLD PANDEMIC

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Abstract. *The article examines the problems of sustainable development of industrial enterprises, analyzes the factors affecting the sustainability of enterprise development, gives a definition of various types of economic sustainability during a pandemic, and highlights the internal and external factors of the sustainability of enterprises. It is shown that of the most important factors affecting the sustainability of the development of industrial enterprises, first of all, economic stability stands out. The factors in the conditions of a deteriorating economic situation are investigated and identified, which are advisable to take into account when solving the problem of sustainable development of industrial enterprises. When conducting the study, the main sources of data were the materials of state statistics committee of the Republic of Uzbekistan. The methodological developments are based on comparative methods of analysis. Proposals have been developed to ensure economic sustainable development of industrial enterprises during a pandemic.*

Key words: *economic stability, internal and external factors, indicators of sustainable development, pandemic, economic instability, industrial enterprises.*

Аннотация. *В статье рассматриваются проблемы устойчивого развития промышленных предприятий, анализируются факторы, влияющие на устойчивость развития предприятий, дается определение различных видов экономической устойчивости в период пандемии, выделяются внутренние и внешние факторы устойчивости предприятий. Показано что из важнейших факторов, влияющих на устойчивость развития промышленных предприятий, в первую очередь, выделяется экономическая стабильность. Исследованы и выделены факторы в условиях ухудшающейся экономической ситуации, которые целесообразно учитывать при решении проблемы устойчивого развития промышленных предприятий. При проведении исследования основными источниками данных послужили материалы комитета государственной статистики Республики Узбекистан. В основу методических разработок положены сравнительные методы анализа. Выработаны предложения обеспечивающих по экономическому устойчивому развитию промышленных предприятий в период пандемии.*

Ключевые слова: *экономическая устойчивость, внутренние и внешние факторы, показатели устойчивого развития, пандемия, экономическая нестабильность, промышленные предприятия.*

Introduction

Sustainable development of an industrial enterprise is defined by us as equilibrium balanced progressive change in all performance indicators of an enterprise, capable of resisting entropic tendencies, while maintaining integrity and basic properties. The sustainability of the enterprise should be ensured on the basis of taking into account the

influence of the external environment and improving management within the enterprise in order to increase the efficiency of its activities and continuous development. It is important for every enterprise to maintain not only sustainability, but also to achieve sustainable development. To assess the possibility of sustainable development of the enterprise, it is necessary to analyze the factors influencing it.

The activity of enterprises is a complex of interrelated economic processes that depend on numerous and varied factors. Being closely interrelated, these factors often have a multidirectional effect on the performance of an enterprise: some positively, others negatively. The negative impact of some factors can reduce or even negate the positive impact of others.

Consideration of the enterprise as a system in constant relationship with the external environment leads to the classical division of factors into external and internal. This division seems to be the most important. The former are external to him, their change is almost or completely beyond the control of the will of the enterprise; the latter directly depend on the organization of the work of the enterprise itself. This division should be guided by modeling production and economic activities and trying to manage sustainable development, carrying out a comprehensive search for reserves in order to increase production efficiency.

Literature review

Aspects of ensuring sustainable economic development of industrial enterprises at this level have devoted their research authors such as T.Malthus [13], L.Walras [14], K.Ya.Kondratiev [15] and others.

The national level includes the processes taking place on the territory of the state. The stability of the state depends on the stability of political, economic systems, socio-political structure.

V.K.Petrov and S.G.Selivanov define stability as the ability to effectively mobilize available resources to maintain balance or purposeful movement under the influence of external and internal irritating influences [16].

At the national level, sustainability is supported by the development and improvement of national legislation, national plans and actions, and the formation of economic mechanisms.

The regional level includes the following types of sustainability: resource, intersectoral, investment, socio-economic. The uniformity of the above categories entails sustainable development of the regions. The ability to provide positive dynamics in the level and well-being of the population characterizes the sustainable development of the region, while it is possible to use new factors and conditions for this purpose, as well as a balanced reproduction of the socio-economic, resource and investment potential localized on its territory.

Consequently, the sustainable development of a region can be defined as the ability to meet social needs, to organize sustainable reproduction, as well as the ability to guarantee decent livelihoods for generations for several hundred years in advance.

The enterprise level involves considering sustainability as a microeconomic category. A huge number of studies by both domestic and foreign authors have been devoted to the sustainability of the enterprise: F.Herzberg [17], M.Porter [18], G.R.Yarullina [19], G.V.Savitskaya [20], A.V.Grachev [21] and others.

The approach to managing the sustainable development of an industrial enterprise involves considering the organization as an open system. Consequently, there is an impact of both external and internal factors. The state of the enterprise as a whole depends on the stability of each element of the system.

Thus, sustainability at the enterprise level depends on a balanced combination of production, social, personnel, marketing, technological, financial, environmental and management subsystems exposed to external and internal factors in order to achieve predetermined results.

A category such as sustainability is often used in the phrase "sustainable development".

The first definitions of the category "development" are considered to be the platonic concept, which speaks of development as the disclosure of something, while it was believed that certain possibilities were already laid down from the beginning. In addition, there was a mechanistic concept that interpreted development in terms of improvement, quantitative increase.

The modern concept of the category "development" is multifaceted and controversial. So in the dictionary of T.F.Efremova [22] the following definitions are highlighted:

- process of action (develop);
- condition (to develop);
- the process of natural change, the transition from one state to another, the most improved, from the previous qualitative state to a new one;
- the level of enlightenment, culture, mental and spiritual experience.

E.N.Loguntsev defines development as an irreversible, purposeful, natural transformation, characterized by the modernization of quality, transformation into a new level of organization [23].

As we can see, each author interprets the concept of "development" in his own way. It is understood as a natural change, or as bringing to change by someone, in any case, both there and there the word "change" is present. We believe that the object of development changes depending on the stage of existence. So, at the initial stage, a natural transformation occurs, and then the object is affected by various environmental factors, which, along with an independent change, contribute to the qualitative transformation of the object.

Thus, we can conclude that development is a process of irreversible, directed and logical changes occurring under the influence of both internal and external factors, leading to the formation of quantitative, qualitative and structural transformations.

Research methodology

Sustainability is a deep, systemic concept, like the financial and economic activities of an industry or enterprise. Under the stability of the enterprise, in the accepted interpretation, is understood the ability of the enterprise to maintain the indicators of financial and economic activity for a certain period of time even in such conditions when the enterprise's activity may be economically ineffective [4].

The stability of an enterprise can be the result of full or partial production, management, price, financial, social stability, and the stability of business activity, which affect the stability of the enterprise in different ways.

The structure of the economic sustainability of a manufacturing enterprise is reflected in the Fig. 1.

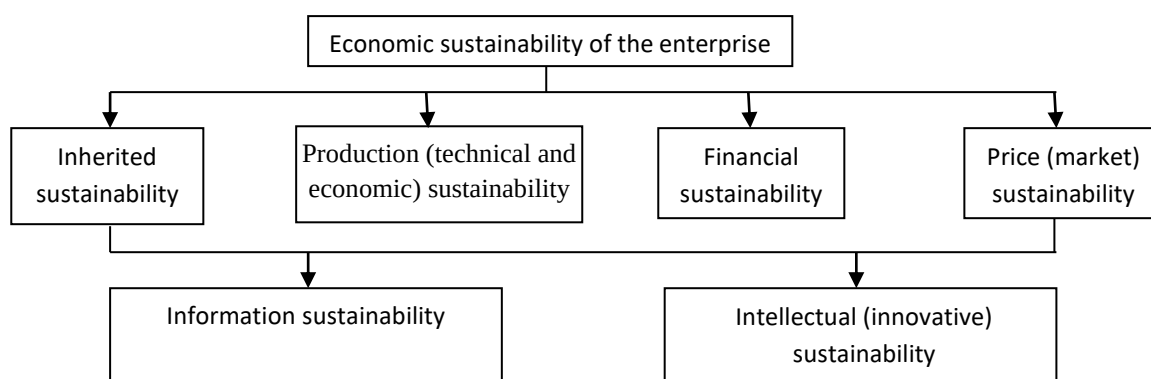


Fig. 1. The structure of the economic sustainability of a manufacturing enterprise

Let us give a brief definition of the types of stability. Inherited stability - the presence of a margin of safety that protects the enterprise from the effects of adverse factors.

Industrial sustainability (technical and economic) is the ability of an enterprise to maintain and develop a modern level of technology and innovation, the ability to ensure economic growth and the efficiency of using the accumulated production potential.

Management stability is the ability of a qualified enterprise management apparatus to manage production, conduct virtuoso marketing, and analyze the activities of an enterprise.

Price (market) stability - ensuring the optimal pricing mechanism for products, provided that the pricing mechanism will allow planning a sustainable level of profit for the enterprise, the ability to economic development and strengthening competitive positions in the context of market development.

Financial stability is the ability of an enterprise to pursue a rational financial policy and maintain a planned level of product liquidity and solvency for a long time.

Information stability - the ability to ensure the performance of their functions in the presence of targeted information impacts.

Intellectual (innovative) sustainability - the ability to retain qualified personnel, patented technologies and inventions, the ability to carry out promising research projects.

Social sustainability is the ability of an enterprise to maintain a low level of staff turnover.

The sustainability of business activity is the optimization of transformations at the enterprise in a certain time period, as well as the existence of a strategy for long-term development to enhance competitiveness.

The stability of an enterprise is influenced by many factors - internal and external, direct and indirect, objective and subjective, regulated by the state, market relations, and the enterprise itself.

The leading factors of economic growth and increasing the efficiency of industrial enterprises are cost reduction, positive dynamics of labor productivity, improving the quality of manufactured products and increasing the competitiveness of domestic

industries [10]. Factors affecting the financial stability of enterprises are identified in table 1.

Table 1.

Factors affecting the financial sustainability of modern enterprises in Uzbekistan

External factors	Internal factors
State economic policy methods	Industry affiliation of the enterprise
Advances in engineering and production technology	Structure of products
Market conditions	Financial opportunities
Consumer income and expenditure	Cost of manufactured products
Tax and credit policy of the state	Productive reserves
Legislative acts related to the activities of the enterprise	Availability of qualified personnel
Foreign economic activity	Balance of accounts receivable and payable
Public identity	Receipt and disposal of fixed assets

The most important internal factors of enterprise stability are: availability of investments, innovative activity, product competitiveness, production technologies and innovations, intellectual human resources, reserve capacity of the enterprise, capital management policy, product quality, marketing strategy, personnel of the enterprise. The following factors have a significant impact on the level of economic sustainability: lack of highly professional personnel experience, lack of general economic and marketing preparedness, financial shortcomings, low level of labor organization, and negative experience of adaptability to changes in the market, social and environmental areas [1].

In turn, external factors can be divided into two groups: factors of direct and indirect impact, they directly affect the functional activities of the enterprise and are influenced by its actions.

This group of factors includes suppliers of labor, financial, information, material resources, consumers, competitors, and so on. Indirect factors reflect concomitant factors that increase or decrease economic resilience. This group of factors includes: the state of the economy of the industry or enterprise, natural factors, socio-political factors, regulatory factors and others. The actions of the enterprise in response to the influence of direct and indirect factors are different. An enterprise can react to changes in factors of direct influence in different ways: it can rebuild the internal environment and act in two ways: initiate both a policy of adaptation and a policy of active or passive counteraction. Indirect factors force the company to adapt its objectives, goals, structure, technology and innovation, human resources to the maximum [5].

Among the most important factors affecting the sustainability of the development of industrial enterprises, first of all, one should single out economic stability. Economic stability is characterized by the presence of constant or weakly changing prices, tax rates, conditions for granting a bank loan, the exchange rate of the national currency, and the conditions for foreign economic activity.

Economic stability has a positive effect on the development of industry, agriculture, transport, infrastructure, banking and financial sectors. A vivid example that confirms this

article is the sustainable development of the China, in which stable high rates of economic development have been observed for several decades.

Unfortunately, it should be noted that the current period of development of domestic industries is taking place in conditions of growing instability, which is due to the action of external and internal factors. For example, fluctuations in the exchange rate of the national currency, bank rates, prices for industrial and consumer goods, changes in the business environment.

Analysis and results

In the period January-September 2020, the economy of Uzbekistan developed in the context of a pandemic and related restrictive measures. The need to increase spending on health care, support vulnerable segments of society in conditions of temporary cessation of work and business has created a significant additional burden on the country's economy. Meanwhile, we managed to maintain positive dynamics. According to the State Statistics Committee, the gross domestic product of Uzbekistan has significantly slowed down its growth rates from 5.9% in January-September 2019 to 0.4% in the same period of this year.

In the structure of GDP by industry, the growth of agriculture by 3.4% and construction by 8.6% contributed to the preservation of positive growth in the gross product. In turn, the decline is noted in industry, services and net taxes on products. There are minor changes in the structure of GDP compared to the same period in 2019. Thus, agriculture increased its share from 27.3 to 27.9%, construction - from 6.9 to 7.4%. The share of industry decreased from 29.3 to 28.5%, and the share of services - from 36.5 to 36.2%.

The circumstances associated with the pandemic, as well as the force majeure situation in Sardoba and the Bukhara region, led to an additional burden on the state budget. For 9 months of this year, state budget revenues amounted to 94.4 trillion sum, while expenses - 102.1 trillion sum. As a result, there was a budget deficit in the amount of 7.7 trillion sum or 1.9% of GDP, while for 9 months of 2019 the deficit amounted to 7.3 trillion sum.

The consumer price index in Uzbekistan amounted to 106.3% by December last year, which is lower than in 9 months of 2019, when the inflation rate was at around 109.7% by services. To a greater extent, prices for food products increased over 9 months (by 7.5%), mainly due to the rise in prices for bakery products, meat, eggs, oils and fats. Prices for non-food products increased by 6% and for services - by 4.5%.

The pandemic also had a negative impact on investment activity. Fixed capital investments decreased by 8.7% compared to 9 months of 2019. At the same time, a decline of 29.7% is observed for centralized investments, and for non-centralized investments - by 0.4%. Among centralized investments, it is necessary to note the reduction of investments from the republican budget by 30.1% and foreign loans under the state guarantee by 16.6%. Among non-centralized investments, the decline occurred at the expense of households' funds by 20.2%, loans from commercial banks and other borrowed funds by 16.6%, foreign direct investment by 37%. At the same time, there is an increase in investments at the expense of enterprises by 16.3% and non-guaranteed and other foreign investments and loans by 77.9%.

In the context of sectors of the economy, industrial production in January-September fell by 2.7%, while in the same period last year the growth was 7%. The decline is observed in the mining industry by 26.1% and in the sphere of water supply, sewerage, waste collection and disposal by 7.3%. At the same time, the manufacturing industry, which accounts for 83% of industrial production, maintained a positive trend at 2.7%. The power supply, gas, steam and air conditioning industry this year demonstrates fairly high growth rates - an increase of 13.7%, while in January-September 2019 - by 1.4%, and by the end of 2019, an increase took place only 0.3%.

In the mining industry, by the main types of products, production of natural gas decreased by 19.6%, gas condensate by 34.7%, crushed stone by 2.3%, coal by 2.9%, gravel by 50%. It should be noted that for these types of products (with the exception of gravel), a decrease in production was also noted last year. Meanwhile, after several years of decline this year, oil production is showing growth and, following the results of 9 months, increased by 5.4%. Among the large manufacturing industries, which account for about 60% of the manufacturing output, there is a positive trend. Thus, the output of metallurgy products increased by 3.7%, the production of cars, trailers and semi-trailers increased by 5.1%, food production - by 5.5%, chemical products - by 2.7%, textiles - by 11.8 %.

The gross output of agricultural, forestry and fishery products for 9 months of this year increased by 3.4%. Positive growth rates were achieved due to an increase in meat output by 2.2%, milk by 2.9%, grain by 2.4%, vegetables by 2.7%, melons by 4.2%, fruits and berries by 3.9 %, grapes by 3.2%, fish catch by 9.8%. The output of crop production increased by 4.3%, livestock - by 2.3%. In the structure of agricultural production, 48.4% falls on crop products and 51.6% - livestock.

The dynamics in the service sector has seriously slowed down compared to 2019. Following the results of 9 months of this year, the volume of services provided increased by 1.8%. The recession was avoided due to maintaining high growth rates in the provision of financial services, which increased by 30.4%, as well as an increase in the volume of trade services by 0.4%, motor transport services by 3.3%, communications and informatization by 16.4%. The pandemic had a negative impact on other types of services provided. In general, despite the positive dynamics in the field of road transport services, the total volume of transport services decreased by 9%, accommodation and food services - by 16.6%, educational services - by 3.7%, in the health sector - by 13.8 %. Retail turnover decreased by 0.2%.

The pandemic has had a rather serious impact on the foreign trade activity of Uzbekistan. The foreign trade turnover following the results of 9 months decreased by 12%, to 27.5 billion dollars. The main decline was observed in imports - by 14.5%, to 15 billion dollars. The decline in exports was able to slow down to 6%, or 12.5 billion dollars, due to the sale of gold, while by the end of 7 months, exports decreased by 21.3%. Gold exports for 9 months amounted to \$ 5.8 billion and increased by 45.7% compared to the same period last year. It also made it possible to reduce the foreign trade deficit from \$ 4.7 billion to \$ 2.5 billion.

For 9 months of 2020, the volume of trade between Uzbekistan and Central Asian countries amounted to \$ 3.4 billion, which is 15.1% lower than in January-September 2019. The share of Uzbekistan's trade with the Central Asian states in the total foreign trade

turnover amounted to 12.2%. The volume of exports decreased by 16.2%, to 1.6 billion dollars, the volume of imports - by 14%, to 1.8 billion dollars.

Thus, in Uzbekistan, following the results of 9 months, it was possible to stabilize production, employment, and income of the population. Amid the uncertainty associated with the pandemic, the government and international institutions are trying to predict how the socio-economic situation will develop at the end of the year.

According to the Practical Action Plan for 2020-2021 to restore economic growth and continue structural reforms in Uzbekistan, approved in August by a resolution of the Cabinet of Ministers, GDP growth was expected at 2.2%. In a material published later by the Ministry of Economic Development and Poverty Reduction, GDP growth rates for the year are expected at the level of 1-1.5%. It is reported that the growth of industry is expected at the level of 1.1-1.6%, construction - 7-8%, agriculture - 2.7-3%. The service sector is expected to decline to 0.5%.

The official forecast remains more optimistic in comparison with the estimates of international financial institutions. The International Monetary Fund in the October report "World Economy Review" worsened the forecast for GDP growth in Uzbekistan in comparison with the forecast for April from 1.8% to 0.7% for inflation - from 12.6% to 13%, according to the current account balance on the contrary, there is an improvement in the forecast - from -9.4 to -6.4% of GDP. During the year, the Asian Development Bank also consistently worsened its forecast for the economy of Uzbekistan in 2020. Thus, in April, economic growth was projected at 4.7%, in June - 1.5%, and in September - 0.5%. The inflation forecast remained unchanged at 13%. The forecast for the current account was downgraded from -4 to -9.5% of GDP. The World Bank in its June report "Prospects of the World Economy" predicts that the positive dynamics of the economy by the end of 2020 will remain at the level of 1.5% [8, 12].

Large industrial enterprises, companies and corporations are trying to adapt to the growth of instability by developing import substitution, diversifying products, works (services), building up market relations with countries, optimizing the structure of fixed assets, and so on [9, 11].

Conclusions and recommendations

It is extremely important to ensure economic sustainability by searching for weak points in the activities of the studied enterprise, on the basis of which it is possible to plan measures to eliminate these places.

To identify weaknesses in the financial and economic activities of an enterprise, an assessment of the categories of economic stability is given using indicators, the most important of which are:

- indicators of production stability (coefficient of validity and renewal of fixed assets, coefficient of depreciation of fixed assets);
- indicators of social sustainability (the ratio of the number of turnover of professional personnel, the replacement rate of personnel, etc.);
- indicators of the sustainability of business activity (the vastness of sales markets, the volume of sales of manufactured products (works, services), the coefficient of total capital turnover, capital productivity, and others);
- indicators of financial stability (coefficient of liquidity of products, coefficient of financial stability and others) [3].

In the current conditions, the stability of the enterprise is formed under the influence of a complex set of factors. Among these factors, there are intra-production, economic, financial, marketing, technological and other factors. The enterprise management system must quickly respond to the slightest changes in the environment and adapt to the changed situation.

It should be noted that high rates of economic development are ensured by the presence of a favorable external environment that has a positive effect on the activities of enterprises located within this environment [7]. In the context of an unfavorable external environment and growing economic instability, growth rates inevitably fall, and there is a threat of a prolonged recession.

To change the current situation and achieve sustainable development of industrial enterprises, a transition to economic stability is required. This process is based on the weakening of the factors that led to economic instability. In particular, it is required to weaken external factors of instability by building partnerships with foreign countries, supporting forces that contribute to the establishment of stable and fair prices for raw materials and energy resources, and eliminating artificial barriers to the movement of capital and labor resources.

The economic policy of the state aimed at weakening fluctuations in the exchange rate of the national currency, stabilizing the bank lending rate, lowering prices for industrial and consumer goods, and creating conditions conducive to increasing the efficiency of entrepreneurial activity can significantly mitigate the internal factors of economic instability.

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