

**ECONOMIC MODERNIZATION LEATHER SHOES IN
CONDITION IN NETWORK DEVELOPMENT**

<https://doi.org/10.5281/zenodo.14984791>

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Abstract

This article describes the development trends and specific aspects of organizations and enterprises within the "Uzcharmsanoat" association that are engaged in the production, storage and processing of leather, fur raw materials and wool, livestock, wool, karakul and artificial leather products, leather and perfumery products, and footwear.

Keywords

leather-shoes, leather, fur raw materials and wool preparation, storage and processing, livestock, wool, leather goods and artificial leather, leather goods, shoes

INTRODUCTION

Currently, serious attention is being paid to the further development of the textile industry in our republic, and large-scale practical work is being carried out to introduce a quality management system and apply innovative methods in management. The Development Strategy of New Uzbekistan for 2022-2026 identifies "...reforms aimed at transforming economic sectors and accelerating the development of entrepreneurship, unconditionally ensuring human rights and interests, and forming an active civil society" as a priority [1].

In the conditions of modernization of the economy, as a result of the implementation of comprehensive measures to support the development of the textile and sewing-knitting industry, the leather-shoe industry, investment and export activities of industry enterprises, 45% of cotton fiber and yarn produced in the republic is being processed. Also, the export potential of the industry has exceeded 3.2 billion dollars [2].

Further development of footwear production is based on the improved organization of production, effective use of opportunities, reconstruction and technical re-equipment of enterprises, improvement of technological processes, use

of modern raw materials and materials, reduction of material consumption of products, and economical use of resources.

Shoes products of people everyday life activity for the most It has an important place among the necessary components. Shoes are the head of a modern man inseparable and opposite not attribute is considered. So is, every It is necessary for a shoe market to exist in a country, including Uzbekistan. If we proceed from the climatic and social conditions of Uzbekistan, population soul to the head demand to be done suitable consumption norm average 2.6 corresponds to a pair of shoes, then, according to our calculations, the size of the domestic shoe market in natural terms (in terms of products) is 74 mln pair of shoes, value in appearance - 3,786.0 billion sum or 2.0 billion USA dollar organizes.

If the republic produces 37 million pairs of shoes per year, it could provide employment for 2 million people. Of course, no sector will be able to provide this many jobs in the coming years. Despite the significant importance of the shoe market, official statistical data in Uzbekistan actually shows that insufficient use is being made of the available resources in this sector, and the growth potential is far below the level of existing capabilities. Shoe production, in general, and the art of processing natural leather in Uzbekistan are considered traditional crafts. This is primarily related to the region's rich raw material base. The main raw materials for the leather and footwear industry are cattle and sheep-goat hides, which are readily available in the domestic market. On average, 11 million units of raw leather are produced in the republic annually, including 7 million sheep-goat hides and 4 million cattle hides [3].

Currently, operating footwear enterprises are using only 30-40% of their full capacity. Another important reason holding back the pace of industry development is the condition of the equipment used. The fixed assets of enterprises are both morally and physically obsolete, and equipment with a service life of 40 years or more is being used. Currently, the footwear industry is faced with the issue of actively searching for ways to increase the competitiveness of its products by further improving the organization of production. Only by introducing effective innovations can a competitive product market be created that will ensure reliable and constant demand for local products, which, in turn, will lead to the rise of the Uzbek leather and footwear industry to world levels.

The main raw material of the leather-sock industry is cattle and sheep-goat skin. This skin raw thing internal at the market enough in quantity although, but are being exported abroad at very low prices. The republic produces an average of 11.0 million per year of grain skin raw thing, this including 7.0 million grain sheep and goats and 4.0 million grain cattle skin is taken.

In the context of modernization In accordance with the Resolution of the President of the Republic of Uzbekistan No. RP-3693 dated May 3, 2018 "On measures to further stimulate the development of the leather, footwear and fur industries and increase their export potential", the "Uzbekcharm-poyabzali" association was reorganized into the "Uzcharmsanoat" association.

"Uzcharmsanoat" association includes production, storage and processing of leather, fur raw materials and wool, automatic slaughter of livestock, wool, cowhide and artificial leather products, leather goods, footwear production with practitioner organizations also other organizations Voluntarily entered are operating.

To date, the Association has 511 manufacturing enterprises, including:

- 35 leather work manufacturing enterprises
- 250 shoes work production enterprises;
- 55 leather and perfumery products work production enterprises;
- 51 leather clothes work issuer enterprises;
- 95 automated modern aviaries.

Review of literature.

Theoretical and methodological issues of increasing the efficiency of industrial enterprises in the conditions of economic modernization have been formulated by economists in different ways.

Choosing the right development strategy is important in ensuring the effectiveness of leather footwear products.

I. Ansoff defined the strategy as a set of rules for making decisions that the organization follows in its activities. Based on its concept, the general strategy of the enterprise determines how resources should be used, markets, development directions, competitive advantages, and expected synergies [4].

According to A. Dubinovskiy's conclusion, in order to ensure the efficiency of production of products in leather enterprises, it is necessary to create the necessary conditions for the development of the raw material base and increase its quality, to create an effective market environment for the operation of leather production enterprises, to form a highly developed market of consumers of leather products [5].

According to E. Syshchikova, the key to ensuring the efficiency of industrial production is a high level of demand, which is a result of, on the one hand, the existence of excess industrial production capacity throughout the world and, on the other hand, the unwillingness of individual industrial sectors to operate in unstable conditions.

L. Blyakhman shows the automation of the production process as a priority for ensuring the efficiency of production of products. According to his conclusion, if primary and secondary industrialization meant the transition from manual and non-automated production to mechanized and automated production.

This conclusion of B. Baverk is of great practical importance. In the current era, the ratio between savings and consumption has become the main factor determining economic growth in developing countries.

According to O. Blanchard, when assessing the efficiency of production, the main attention should be paid to labor productivity. In turn, increasing labor productivity depends on the level of investment in human capital. The more a country saves and invests in education, the higher its gross domestic product per worker will be [6].

N. Mankiw believes that it is more appropriate to use the concept of "opportunity costs" (costs associated with lost opportunities) rather than the concept of "absolute advantage" that is widespread among economists when assessing the efficiency of product production.

The problems of developing industrial production, ensuring the production efficiency of industrial sectors, especially light industrial enterprises, improving their management structure, taking into account the requirements of the market economy, as well as increasing the technical and technological potential of industry, have been deeply expressed in the work of local and other scientists.

Research methodology

Conclusions, suggestions, and recommendations in the relevant areas were made through interviews with scientists and industry representatives, analysis of their written and oral opinions, expert assessment, process monitoring, a systematic approach to economic phenomena and processes, and a comparative analysis with the author's experience in the development of the leather and footwear industry.

Analysis and discussion of results

In recent years, we are witnessing the rapid development of the leather and footwear industry, as a result of the attention and comprehensive support measures paid to the leather and footwear industry by the government of our republic, as well as the enthusiasm and entrepreneurship of industry manufacturers.

Business environment improvement and world finance to the system integration to be in order to radically reform our national economy, the positive changes taking place in the leather-shoe industry are attracting more foreign partners and investors.

Systematic and consistent production of high-quality, consumer-friendly and

affordable products by the enterprises included in the association organization to do measures seen as well our country its population Necessary measures have been taken to ensure the supply of necessary leather and footwear products (Table 1).

Table 1

Leather shoes and furrier products 2022-2024 years according to on the main production indicators and target parameters ⁶[7].

No.	Indicators name	Unit of measurement	2022	2023	2
1.	Goods product (comparative) in prices)	billion soums	5530.8	7696.9	1 9
2.	Leather products	million sq. dm.	2179.4	2470.9	2
3.	Shoes work to release	million pairs	205.3	246.4	3
4.	Charm horse riding acts	billion soums	120.3	153.7	2

Analyzing the data in Table 1, we can see that by the end of 2023: 7696.9 billion soums worth of goods (growth of 117.5%); 2470.9 million sq. dm. of leather products (141.2%); 246.4 million pairs of footwear (136.2%); 153.7 billion soums worth of leather goods (113.5%) were produced. The target parameters for increasing the weight of these indicators are planned for 2024.

According to analysis, the demand for footwear in Uzbekistan is growing year by year. In order to solve this problem, a sectoral program has been developed to localize the production of accessories, auxiliary and complementary materials, and other products from local raw materials. The association's leather raw materials by processing enterprises 500 million annually. Leather goods are produced and processed over 20.0 million square meters. is US dollars. The total amount of shoe and leather haberdashery enterprises of the Republic is 25.0 billion per year. more than 115.0 million soums of high-quality shoes, modern leather clothes and leather haberdashery is being produced.

Current on the day country in the leather-shoe industry growth dynamics is observed, and one of the important directions in its development is in the market of finished products, raw thing in the market both import instead occupation is considered. Network The enterprises have launched the production of all types of

⁶ Prepared by the author based on data from the Statistics Agency under the President of the Republic of Uzbekistan.

special footwear, and the production of modern footwear for women, children, and teenagers is expanding.

According to the function of footwear, more than half (55%) of the market is occupied by everyday footwear. The large share of everyday footwear is characteristic not only for the local market, but also for the market of any country. The second place is occupied by sports footwear (13%), which is also popular among the country's youth as everyday footwear. The share of fashionable footwear is approximately the same (12%). This is mainly women's and girls' footwear and is an integral part of the dowry (property given to a girl by her parents or relatives upon marriage) in traditional Uzbek families. Special shoes share - 8%, household - 7 % . Travel shoes share the most less is 5 % will do .

Shoes of the market value composition quantity from the composition a little difference does . Our to our accounts according to the market value in volume shoes share large (31%). Thus, one in line , sandals share by 17%, half boots - 18%, boots - 14%, boots - 16% to equal In this case age- sex in the classification women and men with shoes share value according to difference does , task according to fashionista and special shoes quantity indicators according to differs . Product value volume composition such to be the reason is indoor shoes market suppliers by designated shoes at the price difference is considered .

The main activities of the association are the development of the leather raw material production and processing network, the coordination of the production of competitive and high-quality leather, fur products, shoes and leather haberdashery, the implementation of a unified technical and investment policy, the wide attraction of foreign investments, the introduction of advanced technologies, the modernization and technical re-equipment of network enterprises.

Enterprises within the Uzcharmsanoat association are engaged in the preparation and processing of leather and leather raw materials, the production of footwear and leather goods. Footwear at the enterprises within the association is mainly made of natural leather. This is why the price of footwear produced there is relatively high, while footwear made of artificial leather is 1.5-2 times cheaper. Also, although the resource base consists of local leather raw materials, the association also operates a sector (13 regional and 112 district trade and processing organizations) that collects, tans and processes leather. Since the bulk of leather and leather raw materials is purchased mainly from individuals for cash, leather and footwear enterprises are currently in a difficult situation.

The main raw material for the leather and footwear industry is cattle, sheep and goat hides. Although these leather raw materials are available in sufficient

quantities on the domestic market, they are exported abroad at very low prices (Table 2).

Table 2

Production of raw leather by the "Uzcharmsanoat" association in 2019–2023 (thousand pieces)⁷

	2019.	2020.	2021.	2022.	2023.
Cattle skin	456.3	477.6	489.8	502.3	512.3
Sheepskin	963.2	974.6	981.5	988.4	1008.1
Total	1419.5	1452.2	1471.3	1490.7	1520.4

Considering that the surface area of cattle skin is approximately 200 sq. dm, and the surface area of sheep and goat skin is 30 sq. dm, and that an average of 20 sq. dm of skin is spent on one pair of shoes, then an average of 6 million pairs of shoes can be produced from 1.3 million pieces of skin. However, in the past, about 4 million pairs of shoes were produced by cooperative enterprises per year, and only 20 percent of the processed leather raw material was used. Until now, only semi-finished products have been produced from leather raw materials in Uzbek leather factories. Most of these semi-finished products are exported.

Today, for the production of high-quality shoes, approximately one hundred types of basic and additional materials, i.e., chemicals, paints, fittings, necessary components and spare parts for the production of shoe products, are brought to the republic from abroad.

Russia, China, Turkey, France, Germany, Italy, Slovenia, Poland and a number of other countries are the main exporters of chemicals and materials used in the production of footwear and leather products. If we analyze the numbers, in 2008, 1.5 mln. 4.8 thousand tons of chemicals and dyes, 2.2 mln. 778 tons of glue and solutions, 2 mln. 441 tons of polyurethane, plastic and other polymers for US dollars, 137 thousand square meters for 130 thousand US dollars. m textile materials were purchased. In general, 5.8 mln. A variety of additional materials and chemical products were imported in the amount of USD. Also, components, accessories (auxiliary materials), and parts of shoes such as uppers, soles, heels, insoles, and linings that are not produced in the country or are produced in small quantities are imported from foreign countries in large quantities.

Currently, due to a shortage of fittings, the operating footwear industry enterprises are using only 30-40% of their full capacity. That is why these

⁷ Author's development based on the information of "Uzcharmsanoat" association.

enterprises satisfy 30% of the demand for footwear products in the domestic market. At least 25 types of components are required to produce one pair of shoes, and it is not possible to purchase all of them in Uzbekistan.

The most critical issue for local shoe manufacturers is the sole. Uzbekistan has been engaged in the production of soles since 2010, and they are produced in very small quantities. In Uzbekistan, the yarns needed for the production of footwear are spun exclusively from cotton, while for both everyday shoes and modern shoes, nylon yarns are mainly needed, which until recently were imported from abroad.

Another factor hindering the development of the industry is the lack of modern production of special glue in the country. According to experts, its share in technological operations in shoe production is 80-82%⁸. Another important reason holding back the pace of industry development is the condition of the equipment used. The fixed assets of enterprises are both morally and physically obsolete, and equipment with a service life of 40 years or more is being used. For example, out of 4 thousand pieces of equipment available at the enterprises of the Association, about a thousand are 100% obsolete, including 70% of them that need to be replaced (reconstructed). In particular, 37 out of 113 pieces of equipment at leather factories are 80% obsolete, and 780 out of 2960 pieces of equipment at shoe factories are more than 80% out of order. Such a composition of the technological equipment park does not allow for the production of quality products. In addition, the shoes produced by the enterprises of the Association lag behind imported products in terms of design characteristics. For example, if we compare the footwear industry in Uzbekistan with that in China, we can see that each Chinese footwear factory has its own automated design department, which allows it to produce a new model of footwear within 1-7 weeks. However, such departments are not established in our enterprises, and in factories where they exist, it takes much longer to create and produce new models, their prices are higher than those of foreign counterparts (especially in cashless settlements), and trade structures also impose additional requirements on them, setting minimum purchases.

In general, based on the Resolution of the President of the Republic of Uzbekistan on additional measures to support the production of finished products in the leather, footwear and fur industries, some progress has been achieved in the development of the Uzbek leather and footwear industry⁹.

According to analysis, the demand for footwear in Uzbekistan is growing year by year. In order to solve this problem, a sector program has been developed to

⁸Information from the "Uzcharmsanoat" association.

⁹ Resolution of the President of the Republic of Uzbekistan No. RP-143 dated February 26, 2022 "On additional measures to support the production of finished products in the leather, footwear and fur industries."

localize the production of accessories, auxiliary and complementary materials, and other products from local raw materials.

Currently, the country's leather industry is experiencing growth dynamics, and one of the important directions in its development is to replace imports both in the finished product market and in the raw materials market. The production of all types of special footwear has been launched at the enterprises of the industry, and the production of modern footwear for women, children and teenagers is expanding. In addition, a significant reduction in the purchase of imported raw materials has been achieved. As we have already noted, the country is launching the production of all necessary components for the production of footwear, except for soles and glue, and today large-scale work is being carried out to increase the volume of these goods. Recently, mold production has been launched. Local enterprises use synthetic materials only in the production of soles, while only natural materials are used in the production of footwear.

Within the framework of the reform of the industry, the most priority task is the deep processing of the main raw materials. To this end, the number of small enterprises for the primary processing of leather raw materials is increasing in all regions. Then the "semi-finished products" arrive at the processing lines, where, using modern technologies, they are brought to the "bottom" and then sent to the manufacturers of finished products. Such a mechanism has been established, and experience shows that it is quite effective. Contracts for the supply of raw materials are concluded with legal entities, as well as with individuals. According to industry experts, the need for primary processing is almost fully met due to the existing raw material base in the country. Almost 40% of the more than 11 million hides and skins collected annually are processed at the republic's enterprises.

One of the most important development directions of the association is to stimulate the export of finished leather goods and reduce the export of raw leather in order to provide raw materials for local leather and footwear enterprises. Leather and footwear products are supplied not only to the CIS countries, but also to distant foreign countries (Spain, Italy, Turkey, India, China, Pakistan).

Conclusion.

1. The leather-footwear industry is an integral part of the national economy, and its level of development is determined by the volume of industrial product output, the level of employment, and export potential. The effective operation of this industry is directly related to the optimization of production processes, technological renewal, and innovative approaches.

2. Ensuring the international competitiveness of industrial enterprises is primarily manifested through the modernization of production processes, effective

use of raw material resources, and the establishment of an innovative management system. At the same time, improvements in technological development and quality management systems provide enterprises with the opportunity to enhance their export potential.

3. To improve the economic efficiency of enterprises, it is necessary to enhance the government support system, including tax benefits, credit resources, and measures to stimulate exports, in order to improve the investment environment. Such a strategy serves to increase the competitiveness of industrial enterprises in the global market.

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