

# The Methodological Foundations of the Process of Transformation of Industrial Enterprises

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**Abstract.** This article discusses the implementation of the transformation process in industrial enterprises, the mechanism of transformation and the tasks of the enterprise in terms of transformation processes.

**Keywords:** industry, enterprise, mechanism, transformation processes, product quality, product types, economic stability.

## Introduction:

During the 30<sup>th</sup> anniversary of our independence, the republic has brought many profound changes in the industrial economy, including the economic activity of industrial enterprises. No matter how contradictory and intolerable these changes are, they are bringing the development of the economic system to a higher level in terms of quantity and quality. Such a development mechanism will have transformation processes that will allow us to understand our need for change in society, to feel the exhaustion of development potential at different times, to find ways and sources to accelerate the acceleration of backward sectors of the economy.

A clear feature of the rapid implementation of transformation processes in the industrial sectors of the economy, including industrial enterprises, allows us to emphasize the contradiction between the growth of socio-economic relations and the resulting changes in quality. The rapid transformation process is a change in the system of socio-economic relations of the economy. All its conditions are changing over time. They include:

- First, a way to coordinate and maintain balance;
- Second, property relations;
- Third, the types of reproduction;
- Fourth, the mode of production.

## Literature analysis:

“Transformation” is a general scientific term, which is used in the following areas: technical, natural, humanitarian. Transformation processes are a relatively young concept, the scientific views, opinions and definitions of scholars studying it show that through transformation processes, processes such as development, evolution, revolution, modernization, social movement are rapidly developing and improving. Transformation means this (Latin transformation - reformation, re-formation). Transformation (from one state to another or transition from one form to another, change; from one case to another).

“The country will take a decisive step towards transformation by stopping the sale of gold reserves to prevent the loss of prosperity and freedom. In the long run, the transformation process will become a major beneficiary of the property class by taking the lead in solving the problem of a market economy”. [1]

“Transformation is one of the inevitable processes, as in all countries, and we want to become an equal participant in world economic and international relations. Transformation processes have taken place in more than 30 countries around the world, with 0.25 percent transitioning to liberal markets and democratic reforms”[2].

“Transformation processes, if done in the shortest possible time, require objective imitation. Through transformation processes, “Only mastering the newest, most effective institutional components can guarantee success”. [3]

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### **Research methodology and empirical analysis:**

Transformation is a certain direction that is initiated and regulated by the subjects in order to accelerate and give the other side, while the objective-subjective process, on the one hand, takes place in accordance with objective laws. [4]

Transformation means fundamental qualitative changes, if the changes occur on the basis of social reality and necessity, their echoes are usually felt in all spheres of life of society and the state, changing its most important quality. Society is a system of complex, dynamic relationships between people, families, classes, groups, socially significant relationships. What was the main purpose of the society from the formation of the state? of course, meeting the needs of society. The same opinion is expressed in the definitions of the concept of state. The state is a political organization that ensures the unity and integrity of society.

Transformation is not just a process of reform or change, but a process of complete transition from one state to another on all fronts of society and the state. In the process of transformation, qualitative changes are observed in the life of the state and society, that is, the transition to a qualitatively new stage is understood. The interdependence of states and societies plays an important role in development. The emergence of the Transformation through internal criteria such as economic stability, natural resources, state-society cooperation, labor force will also accelerate. Industrialization, the size of the agricultural sector and domestic markets, the availability of more or less natural resources, and national specific economic structures are important factors influencing the transformation processes of the state. In order to determine the cause of state change, it is necessary to take into account the formation of social groups, the organization and activity of these groups, and related events.

“A model of values, motivation, and social action that dominates a society at the socio-cultural level can meet the requirements of such a relationship. Of course, the relevant socio-cultural changes in society, officially, from a normative point of view, even if they remain unchanged, will significantly change the nature of the entire system of social institutions. The class structure of a particular society is involved in determining the degree of development and democratization of a democratic state, the Transformation of the state. Due to many factors in states such as ethnicity, religion, race and gender, social relations in a society play an important role in its stability and development. When a problem arises with the above factors, it also leads to the Transformation of States.

The process of transformation of industrial enterprises is the rapid introduction of modern and state-of-the-art equipment and technologies in enterprises, thereby changing the process of selected as well as secured strategy to achieve goals through production, services, finished products, various operations.

In this regard, there are three main indicators recognized by many local and foreign scholars, namely:

1. Liberalization;
2. Privatization;
3. The reduction of transformational processes to stabilization seems to be limited, i.e. it means not to allow the limitation of transformation processes.

Qualitative changes in any economic system occur as a result of the rapid movement of economic laws.

The implementation of transformation processes in the implementation of economic and technical reforms in the national economy is one of the key factors in achieving the prospects.

Thanks to digital technology, humanity has entered the era of the fourth industrial revolution. Artificial intelligence, device internet, 5G and bioengineering are increasingly entering people's daily lives. This is leading to the formation of global macroeconomic trends and is leading to new large-scale changes. Digital technologies are becoming part of the sustainable development of society and a new factor supporting economic growth. We see that the creation of smart cities and the digital transformation of industry will significantly improve the consumer experience, create new products and services, and contribute to social progress and development.

COVID-19 has had a significant impact on the global economy: digital applications designed for individuals, households and organizations have penetrated deeply into almost all aspects of society, particularly communication, shopping, work, education and entertainment. In addition, digital technologies have helped megacities fight pandemics and ensure the safety of their citizens. Digital services have become a “new habit” with high-speed Internet (5G and optics) connectivity, remote medical consulting, bringing

governments and companies back to business in a new format, and supporting a number of similar scenarios. This has led governments and organizations to realize the need for long-term plans to digitalize the industry. According to the latest forecast of the International Monetary Fund, the world economy will soon begin to recover after the pandemic. Global GDP will grow by 6% in 2021, while regional growth will be 8.6% in Asia, 6.4% in the US, 4.6% in Latin America and the Caribbean, 4.4% in Europe and 3% in the Middle East and Central Asia. It is expected to be 7%.

Economists have advanced various models of economic recovery, including V, U, and K-shaped models. If the pandemic is effectively controlled, the world economy can recover quickly from a sharp decline, creating a V-shape in the table. In another development scenario, the downturn could persist for a long time, leading to a recession, after which the economy will recover quickly. A similar reconstruction has been presented by experts in the form of the letter "U".

However, some economists speculate that, in the worst case, the "K" shape may emerge, in which case the state of the economy differs sharply from one region to another. All countries must fight the pandemic effectively and restore normal consumption and production as soon as possible. This will allow the world economy to avoid the "K" shape model and ensure healthy economic growth.

Digitization will help countries achieve the UN Sustainable Development Goals (SDGs) faster. These goals are aimed at eradicating poverty, protecting the environment, promoting health, and promoting social well-being and development around the world.

The urgency of environmental problems such as climate change, loss of biodiversity, water scarcity and pollution is increasing year by year. Social problems are also exacerbated - people are worried about poverty, economic inequality and restrictions on their rights. Mankind is more concerned about the adequacy of educational opportunities, food, energy, and so on. With the rapid spread of the pandemic around the world, the urgency of health and access to health care is increasing.

According to the United Nations, information and communication technologies (ICTs) accelerate the achievement of sustainable development goals. Effective and convenient ICT infrastructure and services will help countries achieve digital transformation and increase the overall competitiveness of their economies. ICT provides a solid foundation for new, high-quality products and services in areas such as education, health, business and management. ICT can help fight poverty and hunger, improve health, create new jobs, mitigate climate change, increase energy efficiency, and ensure the sustainable development of cities and communities.

Digital industrialization has become a major driving force in the development of national economies. In 2019, industrial digitalization accounted for 84.3% of the global digital economy and 35% of global GDP. In developed countries, industrial digitalization accounted for 86.3% of the digital economy. In developing countries, the share was 78.6 percent. Developed countries are the strongest representatives in the field of communications and software, and they are among the first to start e-commerce and advanced manufacturing.

Digital industrialization can be broken down by industry and divided into primary, secondary and tertiary categories. Depending on the type of activity, we can divide them into agricultural, manufacturing and service sectors. In the world, the digital transformation in the service sector is happening faster than the other two sectors (see picture below).

This is largely due to the specific characteristics of each sector. The digital transformation in the service sector is easier to achieve than in the manufacturing sector because the fixed costs in the service sector are lower and the transaction costs are higher. There will be more barriers to the implementation of digital transformation in agriculture, as production in this area is largely dependent on the impact of environmental and natural factors. In developed countries, digitization and growth rates often increase at almost the same balance in all three sectors.

They typically have the advantage of being the first to introduce innovations, and they have a solid foundation for digitalizing the industry. Most of the networks in these countries use digital technologies, the percentage of connections to their communication networks is increasing and they are relatively more equipped with smart technologies.

IDC forecasts that by 2022, 65 percent of world GDP will be digitized. From 2020 to 2023, direct investment in digital transformation will amount to \$ 6.8 trillion.

Currently, enterprises are moving from model 1.0 to digital model 2.0.

Cloud computing, big data, mobility and social networking technologies have been of great interest since 2007, and businesses are using these information technologies to innovate from time to time. This period was a period of 1.0 digital transformation.

Now we believe that digital transformation will create tremendous value for businesses by helping them achieve major innovations. Now businesses need new technologies like artificial intelligence, IoT (Internet of things) and blockchain that can significantly stimulate their innovation. This will be the 2.0 digital transformation cycle.

IDC has identified that enterprises need to create the right conditions in nine areas to achieve the 2.0 digital transformation. These areas are related to the future of digital infrastructure, trust, intelligence, customers and consumers, jobs, operations, interactions, digital innovations and industries.

Digital transformation is a five-step, long-running process: pilot, local expansion, replication, operations management, optimization, and innovation. More than 70 percent of all enterprises that have embarked on the digital transformation are now in the “local expansion” and “replication” stages, while only 3.9 percent have reached the “optimization and innovation” stage. It will take at least 10 years to achieve full digitization in large enterprises.

Several important stages in the transformation process can be highlighted, in particular:

1. The implementation of the digital transformation strategy required changes in five areas;
2. Awareness: How we work is determined by two factors: business and technology. We need to focus on business needs, feel these needs in real time, and take the necessary steps quickly to create value for our customers and users in accordance with them;
3. Culture: Creating platforms and sharing resources is a key path to digital transformation, so adapting culture to change is crucial to support change;
4. Organization: Integrated teams should bring together business and IT staff to implement digitalization programs based on a single digital platform.
5. Methodology: In order to lay a solid foundation for digitization, it is necessary to move to digital objects, processes and rules, and to continue to enrich and alternative options, solutions.
6. Model: Business, operational and management models need to be adapted to the digitalization goals.

The way of development of transformation processes in industrial enterprises will depend on various characteristics of external and internal factors affecting it. The structure of production in industrial enterprises is formed as a result of transformation processes as a result of a comprehensive analysis of the new economic situation in terms of quality and quantity.

The transformation of industrial enterprises through the processes of transformation of production or services is clearly reflected in the following.

1. Radical acceleration of technical, technological process;
2. Decrease in the share of material production in the output;
3. Development of services and information;
4. Changing the motives and nature of performance activities, the emergence of new types of resources.

In the rapid development of the national economy, the expanded factors of production at industrial enterprises is one of the main directions of the present period, which is the process of transformation of industrial enterprises.

The process of transformation of industrial enterprises is that the transformation of an industrial enterprise is an integral part of the enterprise and one of the most important components.

An approach to the use of the latest and most advanced technology to gradually transform the activities of an industrial enterprise is to rethink the production or service industries as well as the production or service processes in this way.

The main stages of transformation of industrial enterprises:

**First**, the rapid development of industrial enterprises is an integral part of the transformation process, involving other sectors in the same way. In this case, the transformation processes include discrete, continuous or batch production. In this way, the activities of industrial enterprises will be directly affected by the transformation process.



**Second**, the transformation processes of industrial enterprises support the concept of gradual improvement of production.

**Third**, one of the main tasks of the transformation process in industrial enterprises is to find solutions to all problems in production or service in the long run, as well as to coordinate, replicate and improve management decisions made to solve problems. We can see the transformation process below:

- President of the Republic of Uzbekistan Shavkat Miromovich Mirziyoyev

Resolutions and Decrees approved by will start the transformation process.

- Transformation processes redesign project production based on modern methods of organization.

- National project management on transformation processes project offices will be established within the agency, and each of them will be responsible for the economic and financial activities carried out on the transformation processes of a single industrial enterprise.

**“Transformation Mechanism:**

- At present, the economic activity of selected companies is completing a comprehensive review (the process is being conducted on the basis of the National Agency for Project Management);

- In cooperation with employees and management of state enterprises, the project office will develop strategies for the development of state-owned enterprises, and then introduce initiatives to increase the efficiency of state-owned enterprises. For example, improving the efficiency of public procurement, optimizing the system and decision-making mechanism, developing human resources and competencies;

- Directions of the transformation program for the development of powers - is one of. Managers of enterprises are trained in modern management practices on the basis of national and international educational programs. In order for reading not only to be theoretical, the competency development program includes several cycles in which it is possible to acquire theoretical knowledge and apply it in the workplace;

- Implementation and permanent monitoring bodies will be established:

**The Project Office** - will directly coordinate the Transformation Program and, together with the management and staff of the state-owned enterprise, will implement initiatives to improve the efficiency of state-owned enterprises”. [3]

The production of finished products is geographically and organizationally distributed in industrial enterprises, often located hundreds of kilometers away from each other.

Different and different product production processes make it difficult for industrial enterprises to standardize. In such cases, one of the main tasks of the process of transformation of industrial enterprises is not only to solve the problem of rapid development of industrial enterprises, but also to ensure its adaptation and reproducibility, taking into account the specifics of remote production.

**Fourth**, the process of transformation of industrial enterprises, including the production of enterprise assets and finished products, will be fully covered, including:

- All assets of the industrial enterprise involved in the main production process include areas of efficiency and effectiveness in the use of basic production equipment;

- Improving product quality as well as all areas to increase the range and quantity of products. At the same time reducing the production cycle of defective or non-compliant products by industrial enterprises;

- In the process of transformation of industrial enterprises, initiatives aimed at this process include areas for further improvement of functional cooperation between production shops, departments and divisions to increase the efficiency of production or customer service. Implementing transformation processes in industrial enterprises through a roadmap means gaining a competitive advantage.

In order to achieve the set economic and financial goals as a result of transformation processes in industrial enterprises, funds will be needed to solve the problems that arise in the transformation process.

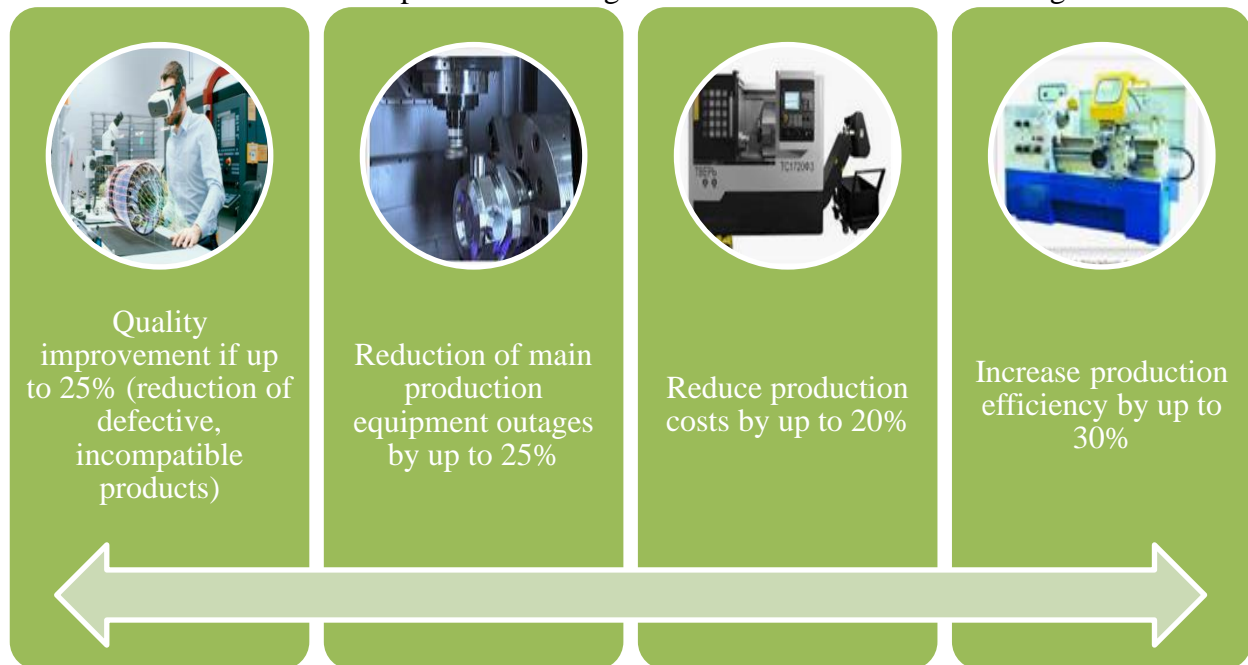
In addition, finding a clear and necessary technology to carry out the process of transformation of industrial enterprises is not a solution.

“The probability of success of the industrial transformation program with the involvement of a specialized integrator company is 142% high”. [4]

In the implementation of industrial enterprise transformation processes, the main task of enterprises is not only to select the optimal solution and platform for the implementation of initiatives to optimize production or service processes, but also to provide services for its implementation and future support.

As a result of integrated production, it becomes clear that a key factor in further optimizing the production or service sector of industrial enterprises is to increase the effectiveness of interaction between information systems and employees on the overall transformation processes of the enterprise.

In the implementation of programs developed on the processes of transformation of industrial enterprises, the achievement of future economic performance in general can be seen in the following.



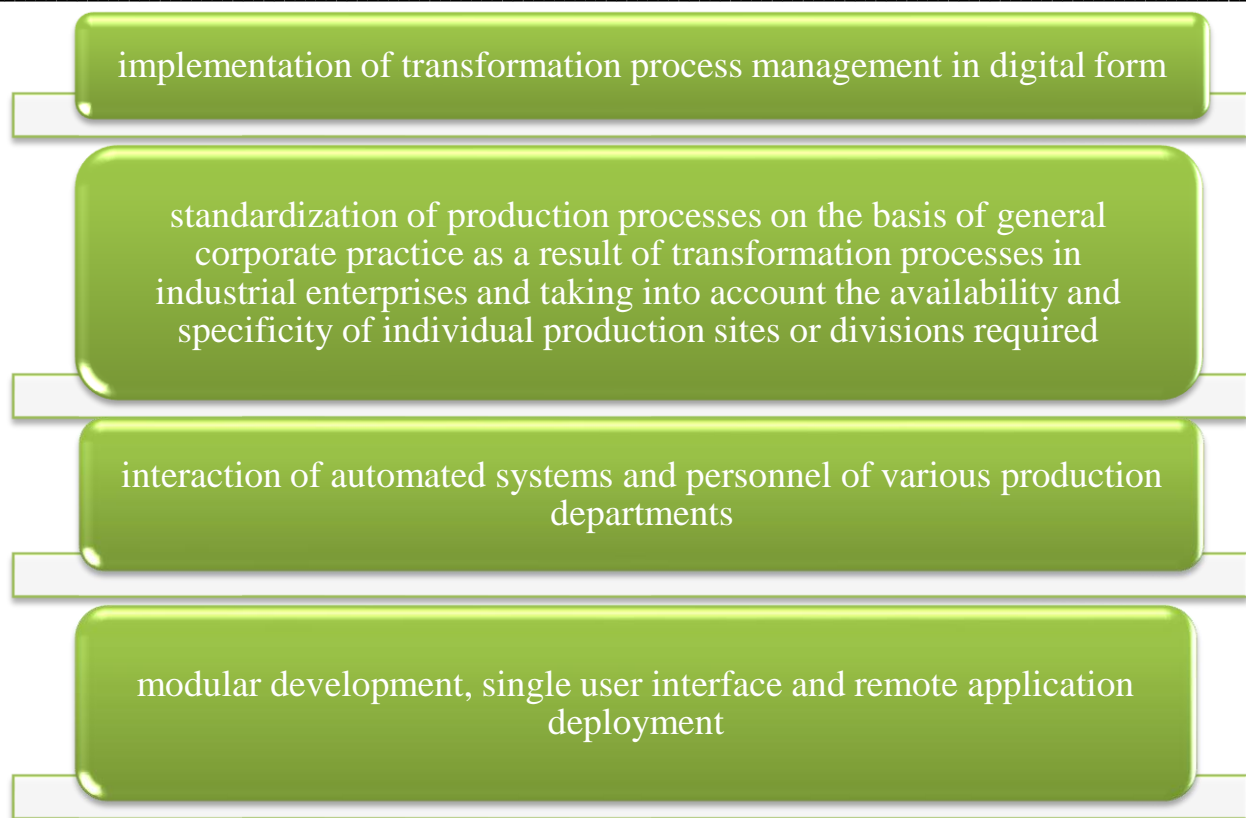
**Figure 1. From the process of transformation of an industrial enterprise subsequent changes**

One of the most important features of modern industrial enterprises as a result of transformation processes is its integration, which includes not only automation systems within the enterprise, but also a corporate ecosystem that combines production or service processes and workers.

Production and service processes the mutual integration of workers and information systems can increase the return of both components and improve the overall production process.

Allows it to work and includes the following factors.

An integral element of mutual integration as a result of transformation processes in industrial enterprises is a developed business process management system that allows industrial enterprises to demonstrate how effective the adopted business processes or best industrial practices are, and between horizontal and vertical divisions. Demonstrates the integration of workers at different levels.



**Figure 2. Necessary conditions for carrying out transformation processes in industrial enterprises**

The economy of the current period of transformation of the Republic of Uzbekistan is characterized by:

- first, it is a transition to a reform-based-evolutionary type economics, and its application is scientifically based and goal-oriented programs play an important role;
- second, the focus on this goal is systematic develops and is implemented.

### **Results:**

Features of transformation processes in industrial enterprises include:

- The process of transformation is taking place at the beginning of the XXI century, i.e. in the period of specific historical conditions, i.e. in the context of the expansion of universal transition processes;
- The implementation of the programs developed on the transformation processes depends on the achievement of reforms through the roadmap through evolutionary paths, which will allow to return to the common core of effective development;
- Transformation processes provide solutions to previously unknown problems in a market economy. This is it indicates the complexity of the transformation processes.

Eliminating them through a roadmap will determine the future efficiency of industrial enterprises undergoing transformation processes.

### **Conclusion and discussion:**

The main task of the relationship is to define the “golden mean”. In this process, society seeks to change the governance of the state, allowing the various institutions that represent the interests of the state to operate, to prevent the regulation of society through the use of force, not through the exercise of state power, but through mutual trust. For this reason, it is desirable to create opportunities for ethnic minorities and religious denominations to address ethnic and religious issues and for diversity of opinion. Of course, it is natural for Zero Transformation to take place through evolution rather than revolutions.

At present, the most important factor is the development of industrial enterprises through the transformation process, as a result of which the number of products will increase, while paying special attention to the

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level of quality. This means that the economy, especially society, is capable of producing competitive products. This means expanding the company's operations and creating new jobs. This indicates the acquisition of additional employment through employment and the further stabilization of the payment liquidity of the social sector in society. It also means the development of the economy, the creation of consumer goods.

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