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## IMPLEMENTATION OF MODERNIZATION AND DIVERSIFICATION PROCESSES IN NATIONAL COMPANIES

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**Abstract:** This article explores the concepts of diversification and modernization and the factors that influence them. Particular attention is paid to the comprehensive analysis of these concepts, the study of their essence from the point of view of representatives of the classical school and neoclassicists. Methods for assessing the competitiveness of an enterprise are analyzed. The influence of diversification, modernization and innovation factors affecting competitiveness is analyzed, their importance for increasing the country's export potential is revealed.

**Keywords:** diversification, modernization, economy, innovation, production, competition, competitiveness, competitive advantage, export potential.

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### Introduction

Over the last years, there have been significant changes in the economy of our country. The economy has completely abandoned the command-administrative system. Due to new reforms, the deliberative monetary policy ensured macroeconomic stability, a transition from a raw material base to an industrial economy, high rates of economic growth, as well as keeping inflation at the forecast level. Small business and private entrepreneurship perform to create wide opportunities and favorable conditions for the development of the farming activity.

The modern market economy requires manufacturing companies to produce high quality, low cost, high demand and generally competitive products. The main task facing us is to effectively use the available resources, increase the technical and economic efficiency of the enterprise, and learn practical ways to achieve the goals of the enterprise. The organization of a distinct and correct development at the enterprise ensures high economic performance of the enterprise.

In the meantime, a deep analysis of the path of our country's progress, a fundamental change of the world market performance today, an increased competition under globalization afforded to develop a completely new approach and principles for a more sustainable and dynamic development of our state.

In view of this, many companies are focusing on achieving high efficiency around the world by launching the production of new types of products driven by diversification of production. The production of products with high added value forms the basis for economic growth, which, in turn, provides an increase in labor capacity. An accurate organization of development at the enterprise

maintains high economic performance of the enterprise. Consequently, the study of foreign experience, scientific research and their use are considered to be relevant.

Due to the globalization of the world economy, the demand for goods and services is also growing rapidly. That is why many companies around the world are focusing on achieving high efficiency through diversification of production and launching the production of new types of products. The production of high value-added products in Uzbekistan provides the basis for the growth of our national economy.

Expenditures connected with the measures system carried out during the current year or period are compared with the amount of net profit received from them. Consequently, the higher the amount of net profit received in exchange for costs, the higher the level of economic efficiency. Increasing the efficiency of enterprises will create the basis for the growth of our country's economy and the standard of living of our people.

There are different ways to improve the efficiency of an enterprise, different approaches, such as cost optimization through modernization of production, the best organization of 4P tasks for marketing products or services, an option of the most appropriate marketing concepts, implementing new services, rational use of resources, investments, efficiency can be increased by the means of diversification and other methods. The analysis of the socio-economic reforms carried out in our country indicates the process of modernization of the economy on the basis of achievements and successes which is considered to be important. Respectively, the implementation of the theoretical and methodological foundations of modernization is relevant nowadays.

### **Analysis of the literature on the topic**

According to scientific sources, the concept of “modernization” derives from the Latin word “modernisieren”, which means “now”. In the middle of the XX century, the concept of “modernity” was originated (developed society - Italian “modernity”), implying the transition to the modern direction of the social system. In some sources, it is accepted as the highest form of structural change, that is, a new stage of development.

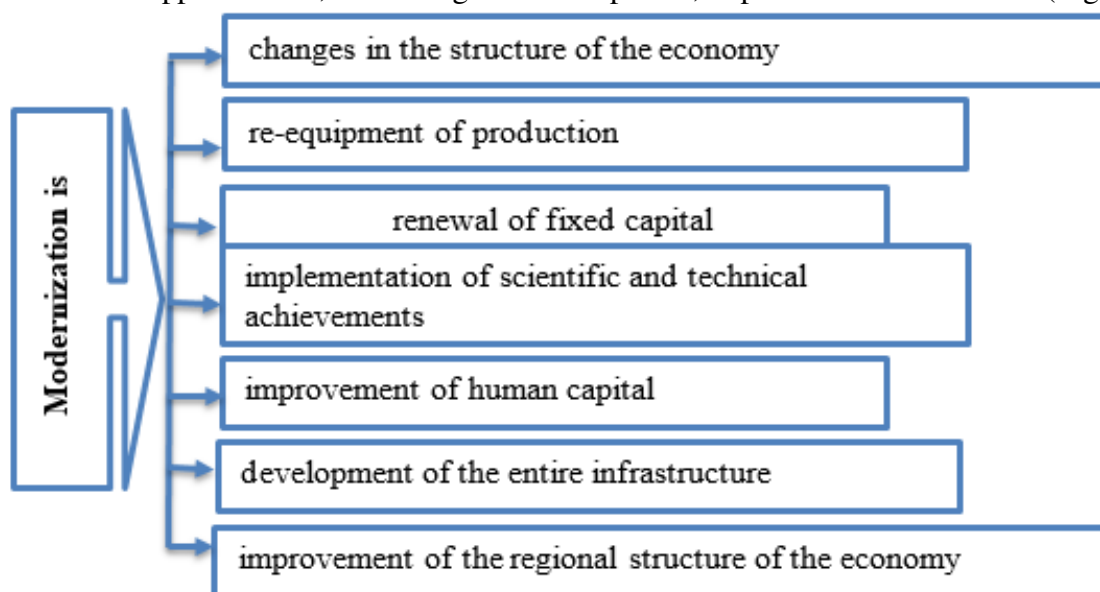
Understanding the broader meaning of modernization, economists distinguish between its neoclassical and Keynesian interpretations. Particularly, according to Keynes's approach, the nature of a market economy does not guarantee rational distribution and use of resources (Keynes Dj., 2018). This feature is similar to developed countries, is characterized by imperfect markets. In such a situation, it is inappropriate for neoclassicists to constitute that government intervention, especially in investment policy, should be active, and that government intervention in investment policy should be regulated only due to market mechanisms. Since the active investment policy of the state negatively affects the financial system of society, it stands to reason that the savings mechanism will be offended. Technical and economic issues will be a priority. The lack of modern sectors of the economy is distinguished as a great obstacle to development.

Interpreting the process of modernization, the American sociologist T. Parsons focused on Western European culture in his views on the process of modernization in the 1960s. In his opinion, the process of modernization in Western Europe is historically more competitive than in other countries. In the models of T. Parsons, E. Schils the main emphasis is into the mechanisms of modernization was imported from developed countries. The founders of the neoclassical theory S. Eisenstadt and A.G. Frank focused on domestic features (Eisenstadt Sh., 1966).

B. Khodiev and a number of other authors distinguish between a narrow and a broad sense of

modernization. In particular, they give a narrow definition of modernization as follows: “Modernization is the renewal, improvement, improvement of an object, its adaptation to new requirements and standards, specifications, and quality indicators. Basically, machines, equipment, technological processes will be modernized” (Khodiev B., Shodmonov Sh., Gafurov U., 2008). Therefore, the term modernization in the narrow sense is basically considered as a technique, a concept due to technologies. In general, modernization reflects the transition from a traditional society to industrial, automated production and a society based on the rational management of social processes in terms of the law.

Modernization is a very broad concept, which is currently can be described as a set of processes that radically change, update various aspects of society, direct development in this direction towards existing advanced standards in the world. Nowadays, the modernization process covers all aspects of life in our country, especially among these areas, as well as the modernization of production plays a crucial role. Consequently, modernization means changes that meet modern requirements and appreciations, a new stage of development, improvements at the level (Figure 1).



**Figure 1. The feature of modernization<sup>1</sup>**

According to the interpretation of Figure 1, it can be seen that the modernization of enterprises is a modern requirement. Today, in order to take a rank high among developed countries, it is necessary to ensure the competitiveness of national products in the world market, the growth of the national economy, on this basis, to facilitate technical and technological re-equipment and modernization of existing industries and sectors.

At determining the development goals of an enterprise, first of all, taking into account its internal capabilities, finding the solutions to issues such as in what area will sales growth be achieved or by increasing its market share. Due to marketing experience, the development goals of the enterprise are implemented in several areas:

firstly, extensive development, i.e. an increase in income due to an increase in sales of products manufactured in a busy market (market segment);

secondly, intensive development, when vast opportunities are exhausted to enter new markets

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<sup>1</sup>Developed by author

or expand segments, or offer the market a new modified product;

thirdly, to increase revenue through the use of its resources in cooperation with sales enterprises through integrated development;

fourthly, be way of diversification, that is, an enterprise can increase its competitiveness and get more profits through the development of additional raw materials, products, technologies, consumers in the framework of its marketing activities.

For these purposes, the 3rd priority area “Deepening structural transformations, increasing its competitiveness through modernization and diversification of the core industries of the national economy”, provided for in the Decree “On the strategy of actions for the further development of the Republic of Uzbekistan” is defined as priority tasks and points out the urgency of the issue now (Decree, 2017).

Diversification - (from the Latin *diversus* - different and *facere* - to perform) - means expanding the range of industries and enterprises, increasing the range of goods and services in order to improve production efficiency, expand the market of goods and services (Table 1) (Radchenko I., 2007).

**Table 1**  
**Definition of the concept of diversification<sup>2</sup>**

<b>№</b>	<b>Foreign experts</b>	<b>Definition of diversification</b>
1.	Kenneth Andrews	Diversification is the list of goods produced by individual enterprises and associations.
2.	I. Ansoff	Diversification of production is the process of implementing new technologies, entering new markets and supplying new products to consumers.
3.	A. Rummyantsev	Diversification-is the increase of range of products, the assimilation of new spheres of activity at the account of the enterprise's own resources.
4.	A.I.Arhipova	Diversification is the distribution of capital among several objects in order to reduce economic risk
5.	R. Pitts and X. Hopkins	Diversification is the process of dealing with several types of business simultaneously.
6.	F.Kotler	Diversification is a way of developing an enterprise by learning new spheres.
7.	A.Thompson and A.Strickland	Diversification is the process of accessing other manufacturing sectors of the firm.
8.	L.Lopatnikov	Diversification is a strategy of reducing the risk of an enterprise by allocating investments and other resources to different areas of production and services.

The goal of product diversification is to increase the attractiveness of the product by increasing the competitiveness of the product, taking into account the preferences of consumers, the characteristics of a particular market or market segment. Product innovation is divided into product differentiation and product diversification in the form of implementation, including the development and application of a new product.

<sup>2</sup>Developed by author

More properly, it is an integrated name for the process covering such urgent tasks as achieving high production efficiency, economic profitability, as well as eliminating bankruptcy.

The term “diversification” was first assumed by Kenneth Andrews in 1951. Diversification is the expansion of the range of goods produced by individual enterprises and associations (Konoplitskiy V., Filina A., 1996).

The first study of the process of diversification was carried out by the American Scientist M. Gort in 1962 (Gort M., 1962). In the case of Japanese enterprises, it was carried out by E. Enisarin in 1979.

As explained by M. Gort, there is little positive correlation between an additional volume of production produced by companies between 1939 and 1954 and the revenue from their sale. The profitability was not positive. Later, Richard Rumelt conducted in-depth research in this area. He studied the performance of 500 companies over 20 years and compared them on 10 indicators (Baumung E., 2012).

The significant slowdown in growth compared to the previous reporting period in a large-scale production, the desire to survive in the market during periods of unsteady increase in political and economic growth made the implementation of the diversification strategy as a key issue for the discussion.

Significant changes in economic, social, scientific and technical conditions required a radical rethinking of management need, so that industrial enterprises could be adapted to the external situation. A severe competition in the world market, a slowdown in economic and technical development, the lack of expected results in the application of new equipment and technologies resulted due to scientific research, demanded a reorganization of production. In practice, the decline in the return on capital invested in the manufacturing sector achieved to the introduction of diversification processes.

Until we realize the importance of diversification as a global strategic way for the company's development, it passed several difficult stages, caused by both external and internal factors. The historical way of the development of these processes can be conditionally divided into four stages, at each stage it can be observed the formation of such key elements as a composition of products, a composition of industries and a composition of countries.

Analyzing the existing literature, most authors interpreted the word “diversification” differently. For example, V. Konoplitskiy and A. Filina described as: “Diversification is a new marketing strategy in which a company pursues a new network of activities in addition to its core business”. Their definition emphasizes the necessity of carrying out an activity in the management of enterprises due to changes in the market: taking into account in the processes of changes in the market performance, the introduction of new methods and technologies and science achievements (Konoplitskiy V., Filina A., 1996).

According to B. Karlof, the idea of diversification has a long history. Between the 1960s and 1970s, the term gained fame, followed by views such as the need for extreme concentration in key areas of business. This is due to the processes of globalization in production and other areas related to the efficiency of the economy on a production scale (Konoplitskiy V., Filina A., 1996). Recently, more and more attention has been paid to diversification. Having a large amount of capital accumulated in key areas of business, further expansion (spreading, distribution) in the activities of an enterprise with very limited opportunities, diversification creates the necessary conditions for capital investment and risk reduction.

### Methodology of the research

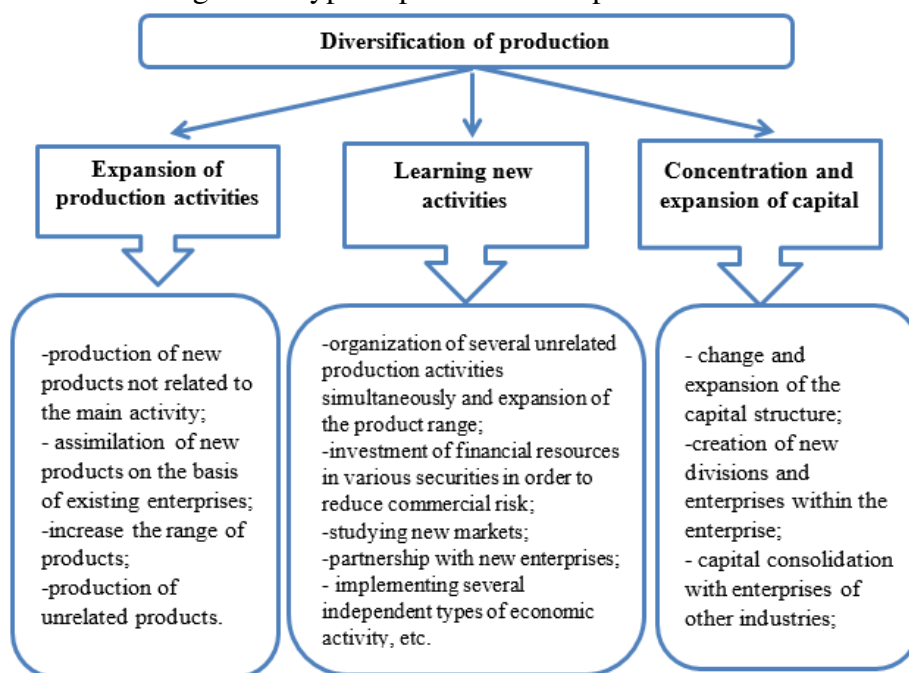
During analysis statistical grouping of data, methods of comparative analysis and trend analysis were used. The article provides a comparative analysis of the scientific and theoretical views of economists on ensuring the sustainability of local budgets as one of the urgent issues of the state financial system.

### Analysis and results

Necessity for the rational diversification is evident for the company, first of all, in choosing an exact direction and gradually overcoming its drawbacks. An enterprise offering a full range of products and services can reduce risks and increase competitiveness, which is unlikely through diversification. Such situations lead to the expansion of the scope of activity as a result of the takeover of other enterprises by the enterprise and the introduction of new types of business.

The main commercial goal of diversification is to increase revenues through the use of market opportunities and create a competitive advantage. Diversification, including through synergy, is considered an assumption for the full use of the tangible and intangible resources of the enterprise. In its turn, it reduces risk by eliminating the dependence of the enterprise on a particular type of product or market, and on the other hand, increases the risk due to diversification.

It is well-known that in economic terminology, the process of choosing a new direction in the production process or creating a new type of product is interpreted as diversification.



**Figure 2. Approaches to the study of the essence of production diversification**

Diversification of production is to be considered as a transition from a production structure based on the production of one or more related products to a broader, diverse production structure. Diversification is carried out on several stages, first as the division of production within the industry into separate industries, and then the formation of enterprises in the industry itself and the occurrence of specialization.

According to A.Rumyantsev, the company should, expand the range of products, develop new areas of activity at the expense of own funds (Rumyantsev A., 2010).

F.Kotler considers diversification as a way to develop an enterprise through the development of new directions (Kotler F., 2005).

I.Ansoff describes diversification of production as a process of applying new technologies, entering new markets and supplying new products to consumers. Ultimately, all these measures require definite investments (Ansoff I., McDonell E., 1990).

Thus, diversification becomes one of the main means of changing the strategy of the enterprise and its achievement (Ziyadin S., 2013).

As a consequence of our research, the study of production diversification into three main groups has scientific and practical significance (Figure 2).

The strategic advantages of diversification are determined by several factors. The most important ones are listed below:

- synergetic potential is the result of a unified management system and cost reduction connected with the integration of different businesses by monitoring and coordinating, as well as a boosting capital turnover;
- Improving the state of business information, integrating marketing research;
- Consistency, guarantee and stability of business relations, in its turn, enables to save on marketing and advertising tools;
- creates conditions for technical progress and joint implementation of R&DW by changing technologies;
- the ability to compare products by supply chain, marketing, service and work to improve the quality. This is especially the case at direct integration (Ziyadin S., 2013).

Diversification should also be logical in order to take into account the unlikely risks. Because integration can be dangerous too. Diversification should be seen as achieving strategic potential, on the one hand, and achieving balanced economic and technological results, on the other hand. There are three main related problems:

In addition, the disadvantages of diversification can be characterized by factors such as the high cost of entering new markets, the choice of business partners, the need to balance diversification, as well as of attracting high flexibility to the enterprise and implementing innovation activity in all integrated cycles. Diversification can be successful only in the case of structural units (Ziyadin S., 2013):

1. To carry out a continuous search for opportunities in existing structures and production units. Absolutely, it achieves the introduction of new forms of business and facilitates the solution of the integration problem.

2. To assess the possibility of reorganizing the new business structure. According to some researchers, the forecasted business sector does not have to be attractive until diversification is made. Transition to the new area until the full identification of economic potential.

3. To use the practical experience gained in the main activity in the implementation of diversification. The main goal is to create an overall connected and intensive potential of economic entities.

4. To define the feature of cooperation through the creation of a mechanism of corporate unity (motivation of employees, the creation of regional centers, the development of corporate culture), the creation of an ideal basis for further simplification of horizontal interaction between employees and business in order to prevent the collapse of the enterprise under the influence of diversification.

The reasons for the diversification of production for enterprises of any industry, which can be

summarized and systematized as follows:

Unsteady or disproportionate development of economic sectors;  
decrease in the level of profitability or profit for certain types of economic activity;  
ensuring scientific and technological development and production efficiency;  
innovative development of the economy and the formation of a cluster economy;  
the formation of a tough competitive environment in all areas and the achievement of financial independence;  
the desire of enterprises and organizations to increase their market share;  
striving to improve the business reputation and image of the enterprise, etc.

Summarizing the above opinions, we can draw conclusion that the diversification of production at any enterprise is an integral part of the diversification of the economy as a whole, although it has its own features. In its turn, diversification will play an important role in solving priority tasks of the economy, such as ensuring competitive advantages, modernizing production structures and access to domestic and foreign markets with new types of products and services through technical renewal. Therefore, diversification of production is understood as a set of measures that describe, first of all, the competitive advantage of industrial enterprises, ensuring their competitive advantage through the maximum use of their economic, financial, material and spiritual potential.

According to the researches, modern diversification policy is connected with the development of new products, equipment, services and new technologies and the use of new marketing methods to sell them on the market, fully satisfy consumer demand and occupy new markets.

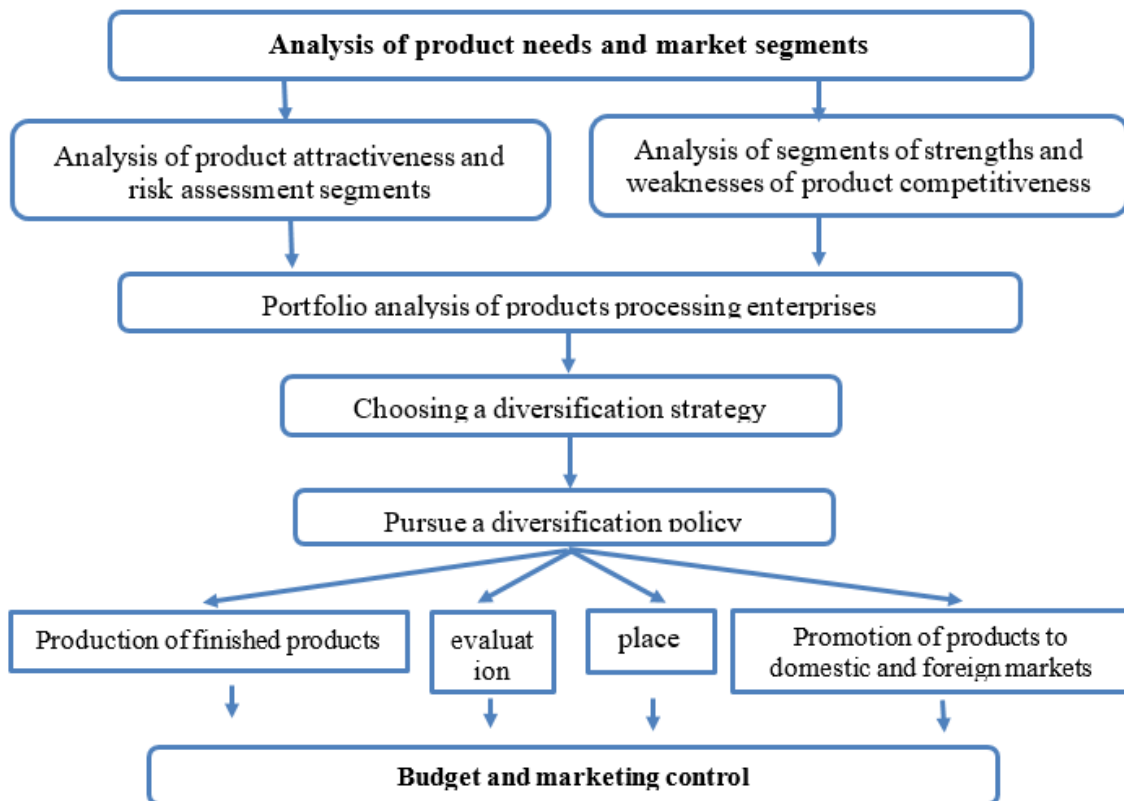
The efficiency of a diversification policy can be seen in the changes at different levels of products, services and processes that make it effective.

The researches show that advances in technology must track closely with new management and marketing policies. These include: (Antipov A., 2009).

1. Forms of technological innovation and the study of new markets.
2. Development of new ways to stimulate customer spending and combined diversification.

Scientific researches show that diversification policy is the search for a competitive enterprise strategy based on the concept of marketing policy. Consequently, enterprises in the sector approach the management of diversification policies through marketing, which is studied mainly from the point of view of both producers and consumers (Demchenko A., 2009). Diversification policy, in its turn, consists of several stages, including the development of its strategy, market analysis and marketing (Figure 3).





**Figure 3. Multistage general algorithm for the implementation of diversification policy at processing enterprises<sup>3</sup>**

One of the most important forms of diversification policy is strategic and operational policy. The diversification strategy and, ultimately, the factors influencing the level of enterprise competition can be systematically classified as follows (Table 2) (Ivanov Y. Tishchenko A., Drobitko N., Golovko O. 2003).

From our point of view, such a classification of factors, covering almost all possible classification features (technical, economic, technological, social, organizational, environmental aspects), can be limited by the aspects provided in this systematic classification at assessing the influence of factors affecting the policy of diversification of oil processing enterprise.

**Table 2**  
**Classification of competitive factors of the enterprise**

No	Classification mark	Class of factors
1.	By source of origin	1. External factors (external environment). 2. Systematic factors (factors of the internal environment of the enterprise).
2.	By nature	1. Scientific and technical. 2. Organizational and economic. 3. Socio-psychological. 4. Ecological. 5. Political.
3.	By duration of exposure	1. Constant.

<sup>3</sup> Developed by author

		2. Temporary (seasonal). 3. Unexpected.
4.	By feature of occurrence	1. Periodic (cyclic). 2. Non-periodic.
5.	By nature of the impact	1. Referent. 2. Incident.
6.	By direction of exposure	1. Stimulating. 2. Maintaining (destroying).
7.	By possibility of regulation	1. Regulated 2. Unregulated.
8.	By nature of interphasal activity	1. Independent factors. 2. Interrelated factors.
9.	By internal structure	1. Separate factors. 2. Complex factors.
10.	By nature of occurrence	1. Primary factors. 2. Acquired factors (derivative).
11.	By level of using	1. Useful. 2. Neutral. 3. Harmful. 4. Duplicating factors.
12.	By place in ensuring competitiveness	1. Main factors. 2. Key factors. 3. Auxiliary factors.

I. Ansoff noted that “enterprises need to see their capabilities in order to correctly assess the structure of their business portfolio and the possibility of its diversification”. It is important that sometimes an enterprise cannot fully increase the level of profitability in one type of business, and sometimes it incurs large losses, although it is obvious that it can receive significant benefits in another type of business” (Ansoff I., 1995).

“Product-market” matrix, proposed by I. Ansoff in 1966, is used to identify alternative strategies in searching ways to acquire the target market.

**Table 3**  
**“Product-market” matrix of acquiring the target market**

Products	Markets	
	current market	new market
Current products	Deeper market penetration strategy <ul style="list-style-type: none"> <li>• boosting sales</li> <li>• searching new customers</li> <li>• defeating competitors</li> <li>• expansion of the consumer area of the product</li> </ul>	Market development strategy <ul style="list-style-type: none"> <li>• new markets</li> <li>• new sales areas</li> <li>• international markets</li> <li>• creation of new areas of product use</li> </ul>
New products	Product development <ul style="list-style-type: none"> <li>• Production of new products using own resources</li> </ul>	Diversification <ul style="list-style-type: none"> <li>• horizontal</li> <li>• vertical</li> </ul>

	<ul style="list-style-type: none"> <li>• development of agreements</li> <li>• license</li> <li>• sharing skills</li> </ul>	<ul style="list-style-type: none"> <li>• concentric</li> </ul>
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According to the table, the advantage of an enterprise can be 4 main strategies for studying sources of growth:

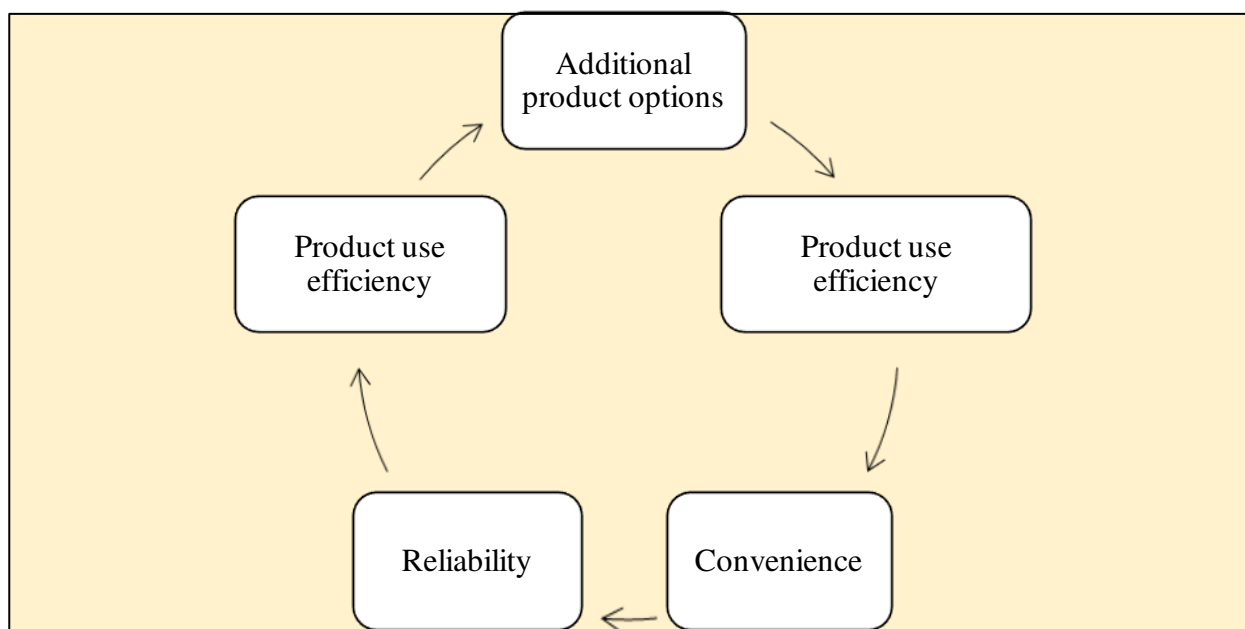
1. Strategy for deeper market penetration.
2. Strategy for product improvement.
3. Market development strategy.
4. Diversification.

The product diversification concept includes:

- 1) the type of product strategy, according to which the company increases the number of products;
- 2) Simultaneous expansion and development of two or more unrelated types of production in order to occupy new markets and receive additional profits.

Product diversification involves the process of developing a number of product modifications that differentiate it from competing products. Market modification is carried out by increasing sales, gaining consumer confidence, bringing products to new market segments, attracting attention and interest of buyers to the products of this enterprise, encouraging buyers to intensively consume products.

Modification of the marketing mix is designed to control the full use of marketing elements, the formation and application of marketing elements for optimal purposes. Product diversification is based on a number of factors (Figure 4).



**Figure 4. Product diversification<sup>4</sup>**

Product diversification plays a crucial role in the company's product policy. This strategy is applied at planning supply to a new sales area at launching the production of additional products. Diversification is becoming an effective tool for ensuring sustainable growth of the enterprise.

<sup>4</sup>Developed by author

According to I.Ansoff, there are two approaches to identifying new areas of business: the method of mistakes and attempts or their correction in the process. In this case, the emphasis is not on the advantages and disadvantages of the industry in which the company operates, but on a specific source of purchases;

planned approach, i.e. in this case, the desired direction of activity is determined,

the prospects for its development are analyzed, and a target partner for the expected merger is being searched for. Proposals are accepted for implementation after considering all strategic and financial criteria.

Each approach has its own advantages and disadvantages. Therefore, the use of two approaches in proportion is considered optimal, or, as I.Ansoff thinks that the optimal solution is diversification through strategic experience. There is a way to diversify an existing enterprise through diversification activities and mergers and acquisitions: the need for diversification in the enterprise arises when there is a strong competitor in the market, a decrease in demand and profit for the products currently being produced. Theoretical reasons for diversification are following:

Measures aimed at reducing risk, striving for survival - that is, reducing market, production or material side effects;

ensuring stability - activating the balance of production in the production cycle;

efficient use of surplus resources, adapting to changing customer needs and ensuring growth.

One of the components of a diversification policy is the ability to establish the correct pricing policy that increases the competitive advantage:

a) achieving resource savings, i.e. reducing the cost of production in comparison with competitors;

b) increase production;

c) simultaneously reduce the cost of the product, increase its volume and range. In all three cases, evaluation becomes a productive factor.

As a result of the conducted research, the general requirements for the classification system of factors that ensure the effectiveness of the diversification policy of processing enterprises can be expressed as follows:

the classification system should include as complete a list of factor groups as possible;

to take into account the peculiarities of the organization and production management system at the enterprise;

due to the dynamics of the processes, it should be possible to expand the system by introducing new factors. In connection with the dynamics of the processes, it should be possible to expand the system by introducing new factors.

On the basis of these research tasks, it is proposed to group external and internal factors that influence the marketing policy of processing enterprises (Figure 5).

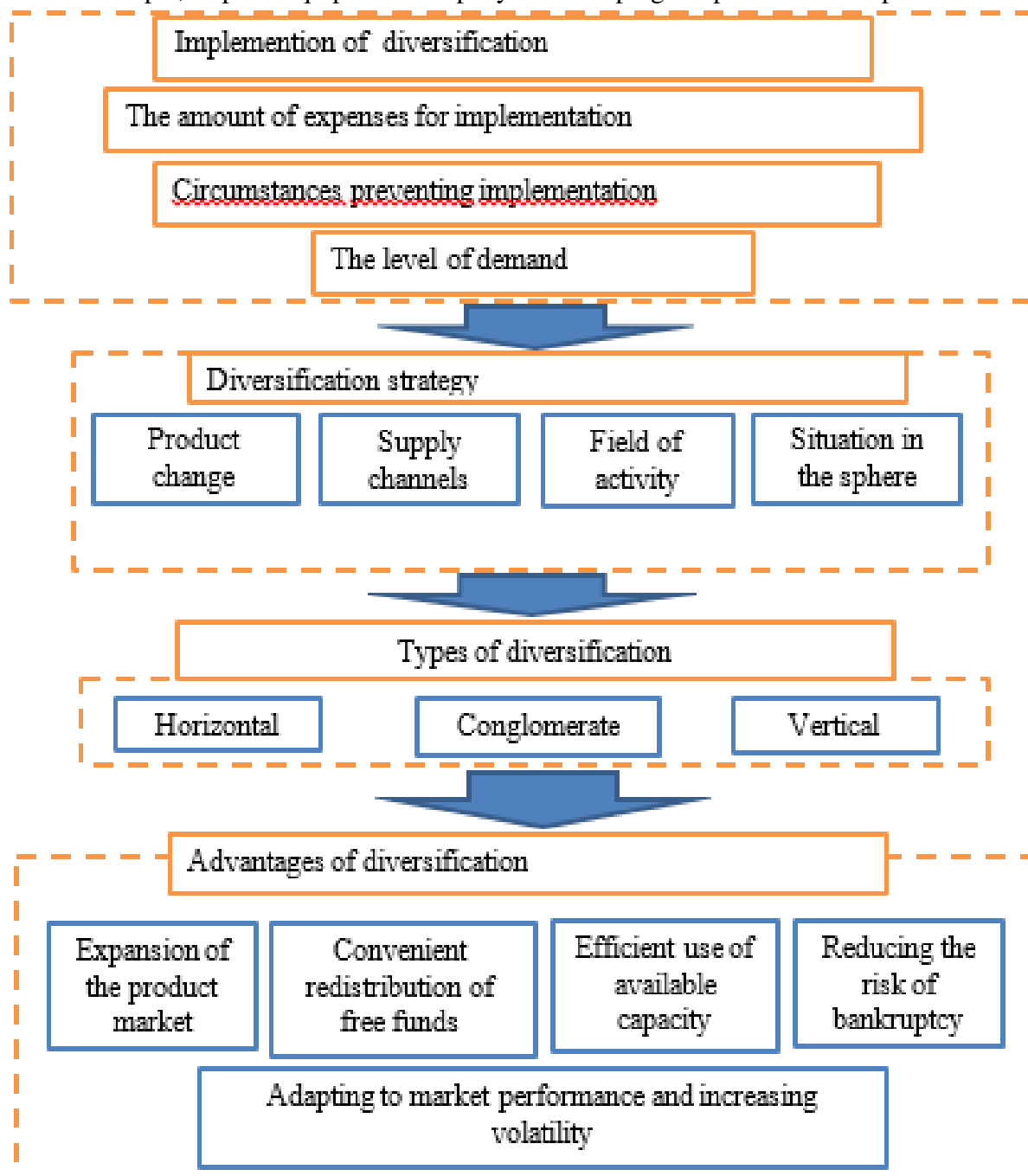
In conclusion, no enterprise can achieve sustainable growth without diversifying its operations. It should also be pointed out that the diversification strategy needs to be constantly changed and improved. Adaptation work can typically include product classification, technology and product improvement, creation of new systems and sales channels, finding new consumer segments, expanding the geography of activities and introducing discounts to attract price

The implementation of an effective diversification policy will depend on how effectively the factors are applied in the practice of the enterprise. However, not all of these factors are quantifiable, which makes it difficult to calculate their aggregate value. It requires the use of

modern methods of developing indicators that correspond to the existing conditions.

Even though, the reasons for diversification are different, its ultimate goal is to improve the efficiency of this enterprise, not only now or in the perspective, but also in the long term (Figure 5).

Horizontal diversification refers to the production of products that are similar to previous products and services, or products that are close to technical specifications, terms of supply and sales. For example, a sports equipment company is developing the production of sportswear.



**Figure 5. Diversification model of an enterprise**

On the other hand, vertical diversification means the production of a product that is part of the production chain of the main product produced by the enterprise. For example, “Uzavtosanoat” has launched a plant for the production of auto parts.

Diversification of the conglomerate involves the production of completely new products and

services for the enterprise. Whether, it is planned to introduce a completely new type of service, not similar to the main type of enterprise services. The process of implementing this type of diversification is relatively more complex as it involves entering an entirely new market segment with a new product.

At considering the foreign experience of introducing diversification processes, I suppose that an important study was conducted by the Boston Consulting Group on 300 industrial companies from Asia, 100 from Europe and 100 from the USA with the highest net income. According to analysis, 30 are highly diversified, 142 are medium-sized and 128 are companies operating only in one segment.

It is noted in the research that the popular judgement that businesses that specialize in one segment are structurally more profitable than diversified businesses is incorrect. It was revealed that the amount of made profit to shareholders by diversified enterprises exceeds not only the average profit in the stock market, but also of companies specializing in one segment.

Analysis indicates the 10 largest companies in terms of net profit, determined by the world-famous magazine "Fortuna". It can be seen that their products have been diversified.

**Table 4**  
**Information about 10 large diversified companies**

Company name	"Fortuna" magazine rating	Average profitability	The degree of diversification of production
Royal Dutch Shell	1	8,35	Medium
ExxonMobil Corporation	2	12,08	Low
Wal-Mart Stores	3	3,4	Low
BP	4	7,91	Medium
ING Group	8	4,91	Low
Toyota Motor	10	4,81	High
General Electric	12	12,65	Low
Volkswagen	14	3,04	Low
General Motors	18	4, 2	Low
Gazprom	22	31,45	Low

We see that in 6 of them the level of diversification is average, in 2 of them the level of diversification is high, and in 2 of them the level of diversification is low. It can be seen that the level of diversification is higher for medium and large enterprises compared to enterprises with a low level of diversification.

The most diversified company in the world is "Virgin". Virgin company includes over 400 voice recorders, mobile operators, broadcasters and other companies in different spheres.

The construction industry has grown rapidly over the past five years and provides a high return on investment. The development and emergence of new technologies serve to increase the profitability of the construction industry. VINCI, a descendent to hundreds of companies, was founded in 1899 by two engineers from the French Higher School of Engineering, Alexandre Guyros and Louis Louchet.

Although the two businesses started out in agriculture and handicrafts, they were later added to the business system as well as the electrical system, dam construction, mains and distribution

water and sewerage systems. The company was founded in 1899 under the name Société Générale d'Entreprises S.A. Since 2000 it is namedas Vinci S.A.

VINCI SA is a major player and leader in attracting investments to the European construction market. It is the number one construction company in the world. Its shares are listed on CAC-40, which compiles data from 40 leading French companies. Since 2012, the index has grown by 40 percent. At the end of 2016, revenue amounted to \$ 38.7 billion. With 115 years of history, the company made a net profit on construction in the amount of \$ 38.1 billion US dollar in 2016.

The company employs 183,487 people in its divisions and subsidiaries around the world. The company is listed on the Euronext Paris Stock Exchange. The company makes high profits even during the economic crisis due to business diversification and serves to increase the capital of investors. Its main investors are French foundations, commercial and non-profit organizations, private investors, venture capital funds, company management and employees.

The experience has shown that diversifying a company's business sector is particularly important to achieving these successes (Table 5).

**Table 5**  
**Companies, taken over byVINCI**

<b>№</b>	<b>Years of takeover</b>	<b>Year of establishment of enterprises</b>
1.	1986	Sogea Company, founded in 1878
2.	1988	Campenon Bernard Company, founded in 1920
3.	1991	Norwest Holst Company, founded in 1969
4.	2001	Groupe GTM was acquired
5.	2006	Autoroutes du Sud de la France was acquired
6.	2007	Soletanche company bought an 81 percent of shares and increased itsstake to 100 percent

ACS, Actividades de Construcción y Servicios, SA is the second largest company in the global civil and civil engineering market in Spain, in 1997 OCP CONSTRUCCIONES, saiHinesu Navarro CONSTRUCCIONES, formed as a result of the SA merger, operates in countries such as Germany, India, Brazil, Chile, Morocco and Australia. It provides various services to residential and non-residential buildings, construction of transport infrastructure, logistics and industrial enterprises.

Bechtel, founded in 1925, is the third largest company in the global construction market. The company owns and operates power plants, refineries, water utilities and airports around the world.

## **Conclusion**

The continuing decline in prices for the main export goods of Uzbekistan in the world market, a severe competition in the world, a large share of energy consumption in our economy require a radical improvement in product quality, energy efficiency through the diversification of products and services and the effective use of innovative technologies, creation of new jobs by increasing capacity economy, increasing the country's export potential, increasing domestic demand, increasing the competitiveness of our economy.

Taking into account the construction work in Uzbekistan over the last years, construction companies should diversify based on foreign experience and use innovative technologies. Furthermore, there are no professional construction contractors with diversified potential, the

existing material and technical base, financial resources are not able to fully cover the growing volume of construction work.

The rapidly developing objects of the social sphere, multi-storey accommodations, in general, all types of constructive work, in turn, increase the demand for high-quality construction products. Systematic work is underway to establish work in this direction, implement new projects for the production of new types of energy-efficient building materials, attract investors to the industry, and support entrepreneurs. As a result, the industry is undergoing significant changes.

If we focus on the analysis, in 2020 about 10 thousand enterprises for the production of building materials will be founded in our country. Two years ago, 120 types of products were produced, nowadays this number has exceeded 180. In January-November 2020, the enterprises of the “Uzpromstroyaterialy” association produced industrial products worth 7.3 trillion sums, which is 109.3 percent more than in the same period last year.

In the last few years, a great work was done to reform the industry, increase the efficiency and capacity of enterprises. Every energy activity in the industry is submitted to critical analysis, and measures are taken to reduce costs by improving product quality, producing energy-efficient innovative building materials.

The use of digital technologies in enterprises is also increasing, the level of automation of life-threatening processes. New directions are developing in the field of building materials with the attraction of foreign investors. Leading foreign countries have begun yield, attracting innovations based on the development trends of the construction industry.

Considering the growing demand for building materials from year to year, the current year it is planned to increase the production of architectural-construction glass to 23 million square meters, ceramic tiles to 32 million square meters, sanitary ware to 650,000 units, thermal insulation materials to 67 tons, gas-concrete blocks to 1 million cubic meters

In 2020, the production of unprepared gas-concrete blocks, wallpaper, porcelain stoneware, sandy floor, 600 brands of cement, geosynthetic, foam blocks, glass crystallite, composite was developed in the country. The role of construction products industry, which is one of the driver sectors of our country, in the economy of Uzbekistan is great. Consequently, the consistent development of research and development in this area remains as one of the most important and responsible functions today and in the near future. Because, as the world experience shows, the production and offer of only one type of traditional goods and services to the foreign market does not allow achieving sufficient efficiency and does not give an opportunity to achieve sufficient efficiency, but also requires the implementation of diversification processes.

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