

EUROPEAN INTERNATIONAL JOURNAL OF MULTIDISCIPLINARY
RESEARCH AND MANAGEMENT STUDIES

VOLUME04 ISSUE12

DOI: <https://doi.org/10.55640/eijmrms-04-12-41>

Pages: 219-226



**DIRECTIONS FOR THE DEVELOPMENT OF THE LEATHER FOOTWEAR INDUSTRY IN THE
DEVELOPMENT OF THE INDUSTRIAL ECONOMY**

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ABOUT ARTICLE

Key words: leather-shoes, leather, fur raw materials and wool preparation, storage and processing, livestock, wool, leather goods and artificial leather, leather-attorney products, shoes.

Received: 15.12.2024

Accepted: 20.12.2024

Published: 28.12.2024

Abstract: In this article, the development directions of the organizations and enterprises involved in the production, storage and processing of leather, fur raw materials and wool, livestock, wool, black leather and artificial leather products, leather-attorney products, footwear, within the association "Uzcharmsanoat" and specific aspects are described.

INTRODUCTION

Nowadays, targeted programs aimed at improving the business environment and rapidly developing the leather and footwear industry are being consistently implemented in our country. The effectiveness of these state programs is reflected in the fact that the share of small business and private entrepreneurship in our country's gross domestic product (GDP) has reached 53.9%. This figure was 31.0% in 2000 and 52.5% in 2020, indicating significant progress.

Currently, in our republic, serious attention is paid to the further development of the textile industry, and a wide range of practical work is being done on the implementation of the quality management system and the use of innovative management methods. The 2022–2026 Development Strategy of New Uzbekistan prioritizes reforms aimed at transforming economic sectors, rapidly developing entrepreneurship, ensuring the unconditional protection of human rights and interests, and shaping an active civil society [1].

Under conditions of economic modernization, complex measures are being taken to support the development of the textile and knitwear industry, the leather and footwear sector, and the investment

and export activities of enterprises in these sectors. As a result, 100% of the cotton fiber produced in the country and 45% of yarn are being processed. Moreover, the export potential of the industry has exceeded \$3.2 billion [2].

Footwear products are among the most necessary components for people's daily life. Footwear is an inseparable and unique attribute of modern attire. Accordingly, every country, including Uzbekistan, must maintain a functioning footwear market. Based on Uzbekistan's climatic and social conditions, the annual per capita consumption norm is approximately 2.6 pairs of shoes. According to our calculations, the domestic footwear market's volume averages 74 million pairs annually in physical terms or 3,786 billion Uzbek soums or \$2 billion in value terms.

If half of the required footwear (approximately 37 million pairs annually) were produced domestically, it would be possible to provide employment for 2 million people. Naturally, no single sector can create this number of jobs in the short term. Despite the significant importance of the footwear market, official statistics in Uzbekistan indicate that resources in this sector are underutilized, and the growth potential remains significantly below its possibilities. Leather processing and footwear production are considered traditional crafts in Uzbekistan, primarily due to the region's rich raw material base. The main raw materials of the leather and footwear industry are cattle and sheep/goat skins, which are available in sufficient quantities in the domestic market. On average, 11 million units of rawhide are produced annually in the Republic, including 7 million sheep/goat skins and 4 million cattle hides [3].

However, due to the underdeveloped base for directly processing local raw materials into finished leather suitable for the footwear industry, they are not fully utilized and are often exported at low prices through private channels. Furthermore, around 100 types of primary and auxiliary materials essential for producing high-quality footwear, including chemicals, dyes, fittings, and other components, are currently imported. Due to their scarcity, operating footwear industry enterprises utilize only 30–40% of their production capacity. Another critical factor hindering the sector's growth is the condition of the equipment used. The primary equipment of enterprises has become both morally and physically outdated, with machines that have been in service for over 40 years. Currently, the footwear industry faces the pressing issue of improving production organization to enhance the competitiveness of its products. Establishing a market for competitive products that generate reliable and consistent demand for domestic goods is possible only through effectively introducing innovations. This, in turn, would elevate Uzbekistan's leather and footwear industry to global standards.

Review of literature

Research results indicate that theoretical and methodological issues regarding enhancing the efficiency of industrial enterprises under economic modernization conditions have been approached differently by economists. Scholars such as Abalkin L., Ayvazyan Z., Alpatov A., Aleksandrovich Ya.M., Astakhov A., Bachurin A., Bivan A.A., Bogdanovich V.V., Deryabina M., Evseev A., Zavarzina N., Loginov V., Kozhin S.V., Kruk M., Kurnisheva I., Mitskevich V., Tutundzhyan A., Shimov V.N., and others from CIS countries have extensively studied these matters.

Issues regarding industrial production development, increasing the efficiency of light industry enterprises, improving management structures, and enhancing the technical-technological potential of industries have also been comprehensively addressed by local scholars such as Askarov M.A., Iskanderov I.I., Iminov T.K., Kadirov A.M., Makhkamov R.G., Makhmudov N.M., Rasulev A.F., Saidova G.K., Sokolova L.A., Tursunkhodzhayev M.L., Tukhliyev I.S., Turakhodzhaev M., Temirova M.I., Tursunov Kh.K., Khozhayev S.S., Khikmatov O.Kh., Yusupova N.M., and others. [9,10,11].

RESEARCH METHODOLOGY

In the development of the leather-shoe network, interviews with scientists and industry representatives, analysis of their written and oral opinions, expert evaluation, process monitoring, a systematic approach to economic events and processes, comparative analysis with the author's experiences, conclusions, suggestions and recommendations were given in relevant directions.

ANALYSIS AND DISCUSSION OF RESULTS

The leather and footwear industry in the Republic is currently experiencing dynamic growth. Key areas of focus include import substitution in both the raw material and finished product markets.

In the early years of independence, the primary goals and objectives of reforms in the leather and footwear industry were clearly defined in the Decree of the President of the Republic of Uzbekistan, dated February 23, 2000, "On Improving the Management System of the Leather and Footwear Industry of the Republic." Consequently, new enterprises were established, and modern technologies began to be implemented. With the creation of the "Uzbekcharm-poyabzali" leather, fur, and footwear association, the footwear industry in the Republic gradually started to recover. The association "Uzbekcharm-poyabzal" comprises 252 enterprises, including 73 for raw leather preparation, 45 for raw leather processing, 129 for footwear production, four for leather goods production, and one for artificial leather production. The association's enterprises primarily produce footwear from natural leather, resulting in higher prices for their products compared to synthetic alternatives, which are 1.5–2 times

cheaper. Despite using local raw materials, the association operates a network of 112 trade and preparation organizations in 13 regions, engaged in collecting and processing raw leather materials. The main raw material of the leather-sock industry is cattle and sheep-goat skin. Although this leather raw material is in sufficient quantity in the domestic market, it is exported abroad at very low prices. 11.0 mln. per year in the Republic. pieces of raw leather, including 7.0 mln. sheep and goats and 4.0 mln. a piece of cowhide is taken.

Modernization and Development Efforts To address these challenges, on May 3, 2018, the President of the Republic of Uzbekistan issued Decree No. PQ-3693 "On Measures to Further Stimulate the Development of the Leather and Footwear Industry and Enhance Export Potential." This decree restructured the "Uzbekcharm-poyabzal" association into the "Uzcharm Industry" association (hereinafter referred to as the Association). [5].

"Uzcharmsanoat" association includes organizations engaged in the production, storage and processing of leather, fur raw materials and wool, automated slaughtering of livestock, wool, cowhide and artificial leather products, leather goods, footwear, as well as other voluntary organizations. has entered and is operating.

The Association currently comprises 511 enterprises engaged in various activities, including:

- 35 leather production enterprises;
- 250 footwear manufacturing enterprises;
- 55 enterprises producing leather accessories;
- 51 enterprises manufacturing leather garments;
- 95 automated, modern poultry farms;
- 25 enterprises processing astrakhan wool and fleece.

1-table

About the main production indicators and target parameters of leather footwear and fur products for 2022-2024

No	Indicator	Unit	2022 Actual	2023 Projected	2024 Target
1	Product output (comparable prices)	Billion UZS	5530,8	7696,9	11511,9
2	Leather products	Million sq. dm	2179,4	2470,9	2772,0
3	Footwear production	Million pairs	205,3	246,4	306,2
4	Leather accessories	Billion UZS	120,3	153,7	214,5

The data for 2023 shows that 7,696.9 billion UZS worth of products were manufactured, representing a growth of 117.5%. Leather production reached 2,470.9 million sq. dm (141.2%), and 246.4 million pairs of footwear were produced (136.2%). Leather accessory production totaled 153.7 billion UZS (113.5%). The planned target parameters for 2024 reflect further anticipated growth.

According to the analysis, the demand for footwear in Uzbekistan is increasing yearly. To address this need, a sectoral program has been developed to localize the production of fittings, auxiliary and complementary materials, and other products from local raw materials. Enterprises engaged in processing leather raw materials under the Association produce and reprocess over 500 million square decimeters of leather goods annually, with exports amounting to \$20.0 million. The country's footwear and leather accessory enterprises annually manufacture over 17.0 million pairs of high-quality footwear, modern leather garments, and leather accessories, worth a total of 25.0 billion UZS.

Currently, the leather and footwear industry in the country is observing growth dynamics. A critical development focus is the import substitution in both the finished product and raw material markets. Enterprises in the sector have established production of all types of specialized footwear, while expanding the production of modern footwear for women, children, and adolescents.

Regarding functionality, more than half (55%) of the market composition consists of everyday footwear. The high share of everyday footwear is characteristic not only of the local market but also of markets in any country. Sports footwear ranks second (13%), which has also gained popularity as daily footwear among the youth of the country. Fashionable footwear accounts for a similar share (12%), primarily comprising women's and girls' shoes, which are considered a traditional component of a bride's dowry in Uzbek families (property provided by the bride's parents or relatives at marriage). Specialized footwear accounts for 8%, indoor footwear for 7%, and travel footwear has the smallest share at 5%.

2-table

Average annual composition of the population in 2020-2022, in % [6]

Total population	100,00
Including:	
Aged 18 and older: total	58,9
Aged 18 and older: males	28,9
Aged 18 and older: females	30,0

Aged 13–17: total	12
Aged 13–17: males	6,1
Aged 13–17: females	5,9
Aged 7–12: total	14,4
Aged 5–6: total	4,3
Aged 0–4: total	10,4

Source: Based on data from the State Statistics Committee of the Republic of Uzbekistan.

The composition of the footwear market by value slightly differs from its composition by quantity. According to our calculations, shoes hold the largest share of the market's value (31%). Additionally, sandals account for 17%, semi-boots 18%, boots 14%, and high boots 16%. Differences in the value distribution between men's and women's footwear are observed, as well as variations in fashionable and specialized footwear categories based on function. These differences are attributed to price disparities set by suppliers within the domestic footwear market.

Currently, the production and sale of footwear products in the Republic are handled by the following entities:

- Enterprises under the "Uzcharmsanoat" Association;
- Enterprises not included in the Association, as well as regional enterprises;
- Private entrepreneurs engaged in footwear production or tailoring under state registration certificates;
- Importers.

Significant progress has been made in reducing the purchase of imported raw materials. As previously mentioned, apart from soles and adhesives, the production of all necessary complementary materials for footwear manufacturing has been established in the country. Efforts are ongoing to increase the volume of these goods. Recently, mold production activities have begun. Local enterprises use synthetic materials only for sole production, while natural materials are exclusively used for footwear manufacturing.

In compliance with the Law of the Republic of Uzbekistan "On the Transparency of Activities of State Authorities and Administration Bodies," the Presidential Decree No. PF-5653 dated February 2, 2019, "On Additional Measures to Further Develop the Information Sector and Mass Communications," and the Cabinet of Ministers' Resolution No. 125 dated February 15, 2018, "On Measures to Further Improve

the Activities of Information Services of State and Economic Management Bodies," as well as the guiding principle "The people should not serve the state institutions, but the state institutions should serve the people," the "Uzcharmsanoat" Association systematically and effectively implemented several measures during the first quarter of this year to fulfill the 2019 semi-annual plan of press conferences on significant issues in state and public life [8].

In particular, during the general meetings of the members of the "Uzcharmsanoat" Association and the board meetings of the Association, issues were discussed regarding the preparation, storage, and processing of leather, fur raw materials, and wool; the automated slaughter of livestock; the production of wool, astrakhan, and synthetic leather goods; leather accessory products; and footwear. Support was provided to relevant organizations in compliance with legislative requirements. The participation of Association member organizations in international exhibitions and fairs held in our country and abroad was effectively organized, and measures were taken to resolve issues faced by economic entities in their operations.

CONCLUSION

The analysis of the information provided above indicates that: Additionally, comprehensive methodological and practical support has been provided to business entities engaged in the production of leather, footwear, and fur products in the following areas: the implementation of advanced technologies, the application of quality management systems in accordance with international standards, modernization and technical re-equipment of Association member organizations, increasing their export potential, and expanding the geography of exports.

1. In the coming years, developing a new system to fully utilize the potential of small businesses and promote the introduction of innovations in leather and footwear enterprises will be essential. This approach will create a foundation for achieving macroeconomic stability through the development of small businesses and private entrepreneurship in our country.
2. Development and organizational research should not only include the processes of product sales, realization, and delivery to the consumer but also involve drafting strategic and prospective plans for enterprises. These plans should ensure consistent profitability, gradual growth, and the sustained reputation of the enterprise.
3. A systematic analysis of leather and footwear industry enterprises should prioritize studying markets, the enterprise's position in the market, products, consumers, competitors, pricing policies,

product movement processes, services related to sales, the formation of consumer needs, and measures to promote sales, including advertising activities.

4. When organizing and structuring enterprises, it is crucial to consider various economic, demographic, social, and other factors that influence the emergence of different consumer categories in the market. These factors should be studied as a collection of segments reflecting the specific demands of various consumer groups.

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