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IMPROVING THE ORGANIZATIONAL AND ECONOMIC MECHANISM OF THE MANAGEMENT SYSTEM OF INDUSTRIAL ENTERPRISES IN THE NAVOIY REGION

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ABOUT ARTICLE

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Abstract: This article analyzes the issues of improving the organizational and economic mechanism of the management system of industrial enterprises in the Navoiy region using the "Logical Framework Approach" (LFA). During the research, existing problems were analyzed through the "problem tree" method, which revealed issues such as low management efficiency, ineffective resource utilization, limited innovation, and insufficient use of human capital. Based on these findings, an "objective tree" was developed to transform identified problems into achievable and measurable goals. In addition, a logical framework matrix was constructed to define project objectives, expected outcomes, performance indicators, and implementation strategies. The results of the study provide practical recommendations for improving management structures, increasing labor productivity, optimizing resource allocation, and ensuring financial stability. The findings demonstrate that applying LFA enables a structured and comprehensive approach to decision-making, contributing to the sustainable development and competitiveness of industrial enterprises in the region.

Introduction. In the context of the large-scale economic reforms being carried out in our country, improving the management system of industrial enterprises is one of the most pressing tasks. In accordance with the Decree of the President of the Republic of Uzbekistan dated September 11, 2023, No. PF-158 "On the 'Uzbekistan – 2030' Strategy", strategic objectives have been set to bring the country's economy into the ranks of high-income states, align industrial production with global standards, and bring the management system of enterprises closer to international standards.

The Navoiy region is one of the leading industrial areas of our country, with mining and metallurgy, chemical, energy, construction materials, textile, and food industries playing an important role in its economy. Large enterprises such as the Navoiy Mining and Metallurgical Combine, "Navoiyazot" JSC, the Navoiy Thermal Power Plant, and "Qizilqumsement" play a decisive role not only in the regional but also in the national industrial potential. At the same time, a number of problems persist in the management system of industrial enterprises in the region: the centralized nature of management, the slow pace of decision-making, insufficient human resource capacity, the incomplete integration of digital technologies into management, and the limited application of innovative approaches are among them.

The aim of the research is to develop scientific and practical recommendations for improving the organizational and economic mechanism of the management system of industrial enterprises in the Navoiy region.

Research objectives:

to identify and systematically analyze the existing problems in the management of industrial enterprises in the Navoiy region;

to reveal the opportunities for improving the management system through the "Logical Framework Approach" (LFA);

to define the directions for renewing the organizational and economic mechanism on the basis of a "problem tree" and an "objective tree";

to develop a set of measures for improving the management system using a logical framework matrix;

to provide recommendations for enhancing the financial stability and competitiveness of enterprises.

The practical significance of the research lies in the fact that the developed recommendations will serve to enhance management efficiency, increase labor productivity, and improve the financial and economic situation of industrial enterprises in the Navoiy region.

Furthermore, the methodology applied in this article can be adapted and used in industrial enterprises of other regions as well.

Methods. The following scientific methods were used in the course of the research: systems analysis, economic-statistical analysis, comparative analysis, logical generalization, and the Logical Framework Approach (LFA). The Logical Framework Approach is one of the modern techniques widely used in the planning and management of international projects, allowing the elements of a project to be systematized in the form of a 4×4 matrix. Through this method, the overall objective, specific objectives, expected results, and activities of a project, as well as their performance indicators, means of verification, and assumptions/risks, are identified in a holistic manner.

Within the framework of the methodology, a "problem tree" was first constructed, illustrating the main problems in the management system of industrial enterprises in the Navoiy region and their cause-and-effect relationships. Then, by transforming the problems into a positive form, an "objective tree" was created. In the final stage, a logical framework matrix was developed, in which the objectives at each level, indicators, sources of verification, and risks were reflected.

The data sources of the research included the reports of the State Statistics Committee of the Republic of Uzbekistan on the Navoiy region, the annual balance sheets of industrial enterprises of the region, regulatory and legal documents related to the field, and scientific literature reflecting international experience.

Results

1. Identification of problems in the management of industrial enterprises in the Navoiy region

More than 3,000 industrial enterprises operate in the Navoiy region. Approximately 70 percent of the region's gross regional product comes from the industrial sector. Despite this, the management system in most enterprises is built on outdated principles — administrative-command structures — that have not fully adapted to the conditions of a market economy. The following key problems were identified during the research:

the centralization of management and the slow pace of the decision-making process due to a multi-stage bureaucratic system;

digital technologies (ERP systems, MES, SCADA) being only partially or not at all implemented in enterprises;

the inefficiency of the system for upgrading the qualifications of mid- and senior-level managers;

the system of remuneration and incentives not being linked to final outcomes;

insufficient funds allocated to innovative development and scientific research;

the weakness of financial monitoring at enterprises and the growth of receivables and payables;

high production costs due to the inefficient use of energy and resources;

the underutilization of export potential and the weakness of marketing activities.

2. Construction of the "Problem Tree"

The cause-and-effect relationships among the problems listed above were depicted in the form of a "problem tree" (Figure 1). The central problem of the tree was identified as "the low efficiency of the management system of industrial enterprises in the Navoiy region". Its main causes are divided into the following three groups: organizational causes (bureaucracy, centralization, weak personnel policy), economic causes (weak financial control, an inefficient incentive system, the wasteful use of resources), and technological causes (slow digitalization, limited innovations, outdated production assets). The consequences include rising product costs, declining competitiveness, a decreasing export share, and falling worker motivation.

Figure 1. Problem Tree

CONSEQUENCES		
Rising product costs	Declining competitiveness	Falling exports and worker motivation
CENTRAL PROBLEM: Low efficiency of the management system of industrial enterprises in the Navoiy region		
Organizational causes	**Economic causes**	**Technological causes**
- Bureaucracy - Centralization - Weak personnel policy	- Weak financial control - Inefficient incentives - Wasteful use of resources	- Slow digitalization - Limited innovations - Outdated assets
CAUSES		

The analysis of the "problem tree" shows that many specific shortcomings are interconnected and ultimately result in the overall low efficiency of management. The main source of these problems lies within the enterprises themselves, in particular in the working style of the management apparatus and the obsolete nature of the organizational and economic mechanism.

3. Formation of the "Objective Tree"

When the negative situations recorded in the problem tree are reformulated in a positive way, an objective tree emerges (Figure 2). Its central objective is defined as "increasing the efficiency of the management system of industrial enterprises in the Navoiy region". To achieve this, measures were planned along organizational, economic, and technological directions.

Figure 2. Objective Tree

FINAL OUTCOMES		
Reduced product cost	Increased competitiveness	Strengthened exports and employee motivation
CENTRAL OBJECTIVE: Increasing the efficiency of the management system		
Organizational measures	**Economic measures**	**Technological measures**
- Decentralization of management - Upgrading personnel skills - Corporate governance	- Strengthening financial control - KPI-based incentives - Resource saving	- Implementing ERP and MES systems - Applying innovations - Modernizing assets
ACTIVITIES		

4. Development of the Logical Framework Matrix

On the basis of the problem and objective trees, a logical framework matrix was developed for improving the management system of industrial enterprises in the Navoiy region (Table 1). It identifies the performance indicators, means of verification, and key assumptions/risks for four hierarchical levels — the overall objective, the project objective, expected results, and activities.

Table 1. Logical Framework Matrix for Improving the Management of Industrial Enterprises in the Navoiy Region

Logical level	Description	Performance indicators	Means of verification	Assumptions and risks
Overall objective	Ensuring the sustainable development of industrial enterprises in the Navoiy region based	Annual growth of industrial output by 8–10%; Share in GDP increased by 5%	State Statistics data; Reports of the regional economy department	Global economic fluctuations, changes in

Logical level	Description	Performance indicators	Means of verification	Assumptions and risks
	on a modern management system			raw material prices
Project objective	Improving the organizational and economic mechanism of the management system	Management costs reduced by 15–20%; Decision-making speed doubled	Enterprise balance sheets; Management audit reports	The attitude of management to reforms
Expected results	1. Digital management system implemented; 2. Personnel qualifications upgraded; 3. KPI-based incentives in place; 4. Financial control strengthened; 5. Innovative projects implemented	1. ERP coverage 80%; 2. 500+ trained personnel per year; 3. Labor productivity up by 25%; 4. Receivables down by 30%; 5. R&D spending above 3%	1. IT reports; 2. HR department data; 3. Payroll reports; 4. Accounting balance; 5. Innovation register	Attracting investments, employees' readiness for change
Activities	1. Reviewing the organizational structure; 2. Implementing digital platforms (ERP, MES, SCADA); 3. Training employees in international standards; 4. Implementing the KPI system;	Financing through the budget and loans for the implementation of activities	1. Structural design costs; 2. IT infrastructure costs; 3. Training and seminar costs; 4. Incentive fund; 5. Audit costs; 6. Scientific project costs; 7. Modernization investments; 8. Marketing costs	Timely allocation of financing, banks' readiness to lend

Logical level	Description	Performance indicators	Means of verification	Assumptions and risks
	5. Establishing corporate governance; 6. Expanding scientific and technical cooperation; 7. Energy- and resource-saving technologies; 8. Export marketing			
Initial preconditions: support from state bodies; allocation of preferential loans; attraction of foreign investors and partner enterprises; readiness of enterprise management for reforms.				

5. Directions for improving the organizational and economic mechanism

The organizational and economic mechanism is composed of the unity of the organizational structure of enterprise management, the system of economic incentives, planning and control methods, and information and communication systems. Improving this mechanism in industrial enterprises of the Navoiy region should be carried out along the following directions:

transition of the organizational structure from a divisional to a matrix or project-based form of management, which accelerates decision-making and clarifies responsibilities;

digitalization of production and management processes through the introduction of ERP (SAP, 1C), MES, and SCADA systems;

evaluating the activities of employees and departments based on KPIs (Key Performance Indicators) and linking the incentive system to results;

introducing corporate governance principles (OECD standards), engaging independent directors, and activating the work of the supervisory board;

strengthening internal audit and financial control services at enterprises and conducting reporting based on International Financial Reporting Standards (IFRS);

retraining personnel through international knowledge and qualification programs and increasing the participation of youth and women in management;

implementing energy- and resource-saving projects and introducing the principles of a "green economy";

developing an export-oriented marketing strategy and strengthening branding activities.

Discussion. The results of the research show that improving the organizational and economic mechanism of the management system of industrial enterprises in the Navoiy region requires a systemic approach. The application of the Logical Framework Approach allows enterprise management to envision projects in a holistic manner, identify the logical relationships between problems and objectives, and ensure the efficient distribution of resources.

International experience shows that, through the digitalization of management systems, product costs at enterprises decrease on average by 12–18%, while labor productivity rises by 25–30%. The integration of production and management processes based on the "Industry 4.0" concept used in industrial enterprises of Germany, Japan, and South Korea is also relevant for enterprises in the Navoiy region. In particular, the introduction of automation and intelligent management systems at large enterprises such as the Navoiy Mining and Metallurgical Combine and "Navoiyazot" JSC may yield a significant economic effect.

At the same time, several risks identified during the research must be taken into account: insufficient financing, employee resistance to change, the limitations of the technological infrastructure, and global economic fluctuations. To minimize these risks, it is necessary to use public-private partnership mechanisms, allocate preferential loans, and develop strategic cooperation with foreign investors.

Furthermore, the indicators set out in the logical framework matrix (ERP coverage — 80%, a 25% increase in labor productivity, a 30% reduction in receivables) are aligned with the actual capabilities of enterprises and are realistically achievable. These outcomes will serve to improve not only the financial and economic situation of enterprises but also their social functions.

Conclusion. Improving the organizational and economic mechanism of the management system of industrial enterprises in the Navoiy region is a major factor ensuring the sustainable

development of the regional and national economy. Based on the results of the research, the following conclusions were drawn:

the Logical Framework Approach (LFA) serves as an effective methodological foundation for planning and implementing projects aimed at improving the management system of industrial enterprises;

the analysis of the "problem tree" shows that the main problems in the industrial enterprises of the region stem from a system of organizational, economic, and technological causes;

the "objective tree" and the logical framework matrix present the directions for improving management in a holistic and consistent form;

reorganizing the organizational structure, introducing digital systems, applying KPI-based incentives, and implementing corporate governance principles — these directions can dramatically increase management efficiency;

to achieve a 15–20% reduction in management costs, a 25% increase in labor productivity, and a 30% decrease in receivables, state support, the attraction of investments, and the active involvement of enterprise management are essential;

the developed recommendations and methodology can be applied not only in the Navoiy region but also in industrial enterprises of other regions.

On the whole, the organizational and economic mechanism developed on the basis of the Logical Framework Approach serves as a scientific and practical foundation for improving the quality of management in industrial enterprises of the Navoiy region, strengthening their competitiveness, and achieving sustainable growth of the regional economy.

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