



DEVELOPMENT OF A FAVORABLE BUSINESS ENVIRONMENT AND INFRASTRUCTURE FOR CARGO TRANSPORTATION BY SMALL BUSINESS ENTITIES

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Abstract

The article deals with topical issues of developing a favorable business environment and infrastructure for cargo transportation by small businesses in the transport services market. Specific measures are proposed to optimize and increase the efficiency of cargo picking and save material resources. The economic effect of the introduction of recommendations to increase the level of profitability of transport services has been calculated.

Keywords: development, small business entities, cargo transportation, infrastructure, business environment.

The relevance of the topic is due to the important role of small business at the present stage of economic development. New trends in the development of entrepreneurial structures and modern areas of research on entrepreneurial activity require close attention, including generalization of the experience of supporting, regulating and improving the efficiency of entrepreneurship at the regional and sectoral levels [1].

The systemic limitation of the further development of Uzbek entrepreneurship is its infrastructural support. In the context of the announced transformation of entrepreneurship development institutions, the underdevelopment of the support infrastructure remains an urgent scientific and practical problem [3]. The underdevelopment of the Uzbek business infrastructure limits its growth. It has been established that the category "business support infrastructure" is formulated within the framework of functional, sectoral or mixed approaches [2].

The object of this study is a small business operating in the market of transport services. The current stage of development of a market economy is characterized by globalization and integration of economic relations of economic entities of goods and cargo movement, a significant increase in the requirements for the quality of transport services and organizational and economic methods of management [5]. The issues of diagnosing the effectiveness of organizational changes at freight transport enterprises



[3], as well as the specifics of the implementation of logistics services in the Uzbek freight transportation market [4], are of current importance.

The activation of the freight transportation market in most cases indicates the development of the economy and the growth of gross domestic product, which is an indicator of the state of society. American researchers have noticed an interesting feature: if the number of transport and logistics companies increases sharply in a country, expect an economic surge. If we talk about the cargo transportation market of Uzbekistan, then the number of freights forwarding companies is increasing exponentially every year.

However, this does not always indicate economic growth, moreover, for a long time the Uzbek market lagged far behind the world market. The insufficient number of freights forwarding companies, the poor quality of the services of transport companies throughout the country became the hallmark of the freight transportation market for a whole decade. Today, the market is rapidly catching up with global trends in the field of freight transport, which is the reason for a sharp increase in the number of transport companies convenient for customers.

Enterprise "UZAUTO TRAILER" is a limited liability company, the main activity of which is freight transportation. The company carries out container transportation in the territory of the CIS. "UZAUTO TRAILER" LLC operates in the transport services market as a carrier and forwarder.

The main role of the company as a freight forwarder is to develop and organize the delivery process and coordinate the work of all participants in cargo transportation, which frees shippers and consignees from the work associated with delivery. "UZAUTO TRAILER" LLC performs the following functions: construction of a cargo transportation route; conclusion of contracts for the provision of transport services; organization of loading and unloading, cargo escort; cargo transportation; cargo insurance.

The implementation of the transportation process at the enterprise is based on the coordinated work of all participants in the transportation process, including both transport organizations and consignors and consignees. "UZAUTO TRAILER" LLC has at its disposal the proposals of carriers and cargo owners, which enables the company to choose the most rational ways of cargo transportation, vehicles. It should be noted that the organization does not have its own fleet of vehicles, therefore, drivers with their own vehicles are involved in cargo transportation. "UZAUTO TRAILER" LLC pays drivers at established rates and costs, which depend on the distance of transportation.



The cargo of each customer is transported in one container. At the same time, in order to order transportation, it is necessary to charter (hire) the entire container, regardless of the weight of the cargo. That is, the company's tariffs depend only on the distance of transportation and the volume of the container. The choice of container depends on the weight of the cargo. In this regard, based on a survey by the company's specialists in 2022, most customers note high prices as problems in work - 34%, the impossibility of transporting small loads due to the need to charter the entire container - 58%. Long delivery times were noted by only 5% of those requested.

All this leads to working only with large enterprises, which increased the volume of transportation in 2021 due to pent-up demand from the pandemic in 2020. In 2021, the number of orders was 195 units instead of 225 units. Calling the heads of enterprises that applied for the transportation of goods showed that the refusal to work with the company "UZAUTO TRAILER" was due to high prices and the need to charter the entire container. As a result, Avtotrade LLC lost 30 orders.

At the same time, an analysis over the past three years (Table 1) showed a significant increase in sales revenue in all areas of the company's cargo transportation in 2021, which shows a favorable market development for the company. At the same time, the demand for delivery in both 20- and 40-foot containers is growing.

Uzbekistan creates favorable conditions for the development of the transport market, the development of cargo transportation. The development of regions contributes to a significant demand for the cargo transportation of this enterprise in all areas in which it operates. The following factors have a negative impact on cargo transportation: the economic recession, the imposition of sanctions, geopolitical tensions, the rise in the cost of financial resources, the decline in consumer demand, the reduction in international trade, and the intensification of competition.

As the analysis showed, at present the containers of UZAUTO TRAILER LLC are not completely filled, which shows the inefficiency of their use. In addition, many heads of customer enterprises note the high level of prices for chartering the entire container, if necessary, the transportation of small-tonnage cargo. As a result, the company loses customers, and as a result, revenue. Therefore, it is proposed to organize groupage cargo.

A joint study by the Chamber of Commerce and Industry of the Republic of Uzbekistan showed that the total external and internal costs for transport and logistics in the Republic of Uzbekistan amount to 20% of GDP, while in China and the EU countries - 7-8%. Typically, the share of the transport component in the price of goods varies depending on the type of goods: from 2% for electronics to 80% for mineral building materials. According to S. Nurmatov, from Uzbekistan to Russia and other CIS





countries, the open academy of transport, in the final cost of goods, the share of costs for rail transport in some cases began to reach 70% [3].

Table 1 shows that our country lags behind world indicators for the following types of logistics services: integrated logistics services and management logistics. Uzbek business is used to following the “have your own” principle. Including wagons, ports and cars. This feature of business culture is associated with a low level of trust in the business environment. Therefore, we have developed a model of internal logistics, when incoming and internal divisions of enterprises provide outgoing logistics flow. Serious players initially invested in this direction, whose business depends on the quality of delivery and storage of goods.

Consolidated cargo is the shipment of goods, goods in piece units or in small lots, belonging to different shippers, in a common container, and in one direction. This method of transportation will allow:

- organize the transportation of small-sized goods, which will increase the number of customers, and as a result, profit;
- increase the efficiency of using a cargo container, filling its free space as much as possible;
- reduce the level of prices for transportation, since each shipper will pay only for the weight, volume of his cargo (there is no need to charter the entire container).

The main stages of the transportation of groupage cargo:

- 1) receipt of orders for transportation;
- 2) cargo consolidation;
- 3) warehouse handling;
- 4) formation of consignments, loading containers;
- 5) Creation of a route and formation of accompanying documents;
- 6) container loading onto a vehicle, delivery.

At the initial stage, UZAUTO TRAILER LLC will collect orders for transportation, on the basis of which the final batch of groupage cargo will be formed. In this case, efficiency, speed of collecting and processing orders is important in order to send the goods as soon as possible. Consolidation of cargo consists in the process of forming a groupage cargo at the destination warehouse, with which UZAUTO TRAILER LLC works. Containers must be filled with compatible cargoes.

Thus, in order to increase the efficiency of Avtotrade LLC, it was proposed to organize the delivery of groupage cargo - the consolidation of small consignments of cargo from various customers in one container, which will reduce the price of transporting cargo in containers, create the possibility of transporting small cargo, reduce the number of



lost customers and attract new clients. It is also proposed to increase the price per ton-kilometer by 10% for these cargoes.

Currently, road freight carriers are losing market share while rail transport is growing. Firstly, this is due to the reduction in exports and imports of goods that were transported by road. At the same time, because of the instability of the dollar, because of the latest world situation. Not the last role in the reduction of road transport was played by restrictions during the quarantine, which led to the involvement of other modes of transport in the transport process.

Despite the fact that road transport is much more convenient in terms of logistics and delivery times, economic factors and administrative barriers have led to the fact that by the end of the year freight transport is increasingly shifting to rail transport.

Output. Currently, transportation by rail is still unprofitable for owners of small and medium-sized cargo: the door-to-door delivery principle does not work, and additional costs associated with loading and unloading goods have to be incurred.

With a general decline in demand for freight, some large players may significantly increase their market share where medium and small freight carriers previously operated. However, experts are confident that changes in the freight transportation market will not be limited to mergers and acquisitions alone. In particular, increased competition is not ruled out, especially from major international players. Thanks to globalization, they make profits not only in Uzbekistan and can redistribute them more efficiently, incur losses in some markets, owning a share, and have access to cheap financing abroad, for example, in Russia.

Under these conditions, logistics companies will have to be more flexible in order to retain the client. However, it is also inevitable that economic difficulties will contribute to a change in the logistics structure itself, which may partly play into the hands of road freight transport. So, part of the cargo will be moved from one transport to another, cheaper - from rail to road or from air to freight, and so on. The reverse movement, as noted by the chairman of the board of UZAUTO TRAILER, is also possible, but to a lesser extent: "In my understanding, the market is also moving towards the concentration of logistics flows in consumption centers, and not in infrastructure centers, by changing and modernizing the state and society, all around a certain will be enticed and even freight transport, ie. logical structures ... in order to maintain our status, we must meet the requirements of the modern world ... "[4].





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