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ENHANCING LOCAL BUSINESS EXPORT POTENTIAL THROUGH THE CLUSTER APPROACH: THEORY AND PRACTICE

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ABSTRACT: This article provides a theoretical and empirical analysis of the role and significance of the cluster approach in enhancing the export capacity of local businesses. The article examines the patterns of formation of export clusters, the balance between cooperation and competition within clusters, inter-industry linkage systems, and mechanisms for improving export efficiency within the cluster framework. Based on the research, opportunities for applying the cluster approach in Uzbekistan's textile, food, and chemical industries are analyzed. The article also offers financial, legal, and organizational recommendations for improving the export performance of local enterprises participating in clusters. The findings indicate that the cluster model provides economies of scale, knowledge sharing, and shared infrastructure use that cannot be achieved at the level of individual firms.

Keywords: export potential, cluster approach, local business, industrial cluster, cooperation, inter-industry linkages, economies of scale, export efficiency, innovation system, competitiveness.

In modern economic theory, the cluster concept — a cooperative complex of interrelated enterprises, suppliers, service providers, and government institutions within a specific geographic territory — is increasingly recognized as one of the most effective models for ensuring international competitiveness. Empirical evidence confirms that highly developed countries have significantly increased their export share by strengthening their industrial clusters, as shown by Michael Porter's (1998) "diamond model."

The application of the cluster approach in Uzbekistan's economy took on a new dimension following the systemic reforms of 2017. In the "Uzbekistan 2030" strategy and the initiatives of President Shavkat Mirziyoyev, developing the cluster model is identified as one of the priority directions of the national economy's modernization. However, many researchers note that there are systemic challenges in fully realizing the export potential of local clusters.

The relevance of this article lies in the fact that the theoretical-methodological foundations and practical mechanisms for enhancing the export capacity of local businesses within a cluster framework have not yet been sufficiently researched. The objective of the study is to develop a comprehensive mechanism for enhancing the export potential of local businesses based on the cluster approach.

The study addresses the following tasks:

- To identify the impact of cluster theory on export potential;
- To compare cluster models for local business and select the optimal one;
- To analyze export activity in clusters currently operating in Uzbekistan;
- To propose cluster-based mechanisms for improving export efficiency.

1. Impact of Cluster Theory on Export Competitiveness

The foundation of the cluster concept was laid by M. Porter (1998) in his work "The Competitive Advantage of Nations." His "diamond model" encompasses four key factors: factor conditions, demand conditions, related and supporting industries, and firm strategy and rivalry. Porter argues that it is the synergy of these four factors that gives firms within a cluster an advantage in international export markets.

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According to the traditional agglomeration economics theory of Krugman (1991) and Marshall (1920), clustering improves efficiency through three main external positive effects: (1) a specialized labor market; (2) local technological spillovers; (3) supply of specialized intermediate goods. These mechanisms can reduce the costs of cluster exporters relative to individual firms by 15–30% (Becchetti and Rossi, 2000).

Modern research shows that "knowledge spillovers" within clusters significantly stimulate export activity. Specifically, according to the meta-analysis conducted by Greenaway and Kneller (2008), clustered firms are 2.3 times more likely to enter export markets compared to stand-alone firms. This is primarily associated with the informal transfer of knowledge on export processes, customs, and marketing from peer exporters within the cluster.

2. Cluster Models and Their Suitability for Local Business

Three main cluster models are widely used in global practice:

Italian "Industrial District" Model — based primarily on cooperation among small and medium-sized enterprises, widely used in textile and jewelry industries. This model is closest to Uzbekistan's Namangan textile and Bukhara jewelry clusters.

Silicon Valley "Hub-and-Spoke" Model — small innovative companies clustered around a large anchor company. This corresponds to Uzbekistan's IT Park cluster.

State-Led Cluster Model — widely applied in South Korea and Taiwan. This model largely corresponds to Uzbekistan's SEZs (Special Economic Zones).

The most suitable model for local business is a hybrid combining the "industrial district" approach with state support. In this model, the state provides shared infrastructure (a certification center, logistics hub, export exhibition platform), while small enterprises handle specialized production and branding.

3. Analysis of Export Activity in Uzbekistan's Clusters

According to the Statistics Committee of Uzbekistan (2024), of the 47 officially registered clusters in the country, 18 are engaged in export activities. Their total export volume in 2023 amounted to USD 1.4 billion, accounting for 23% of total industrial exports.

Analyzing the export structure by cluster: textile clusters (Tashkent, Namangan, Fergana) — 38%; food and agro-processing clusters (Samarkand, Kashkadarya) — 29%; chemical and fertilizer clusters — 19%; other sectors — 14%.

However, systemic weaknesses were identified in the export efficiency of existing clusters: low level of vertical inter-firm integration; lack of shared branding; non-centralized quality control system; imbalance between competition and cooperation within clusters.

4. Cluster-Based Mechanisms for Improving Export Efficiency

Based on the above analysis, the following mechanisms are proposed:

4.1. Creating a Shared Export Brand. Establishing a unified umbrella brand used by all member enterprises within the cluster reduces marketing costs for each individual company by 40–60%. Italy's "Made in Italy" and France's AOC (appellation d'origine contrôlée) systems are prime examples of this mechanism.

4.2. Centralized Quality Control and Certification Center. If a unified quality center is established in the cluster area, companies share the costs of individual ISO, HACCP, and CE certification. This reduces per-company certification costs by 3–5 times.

4.3. Export Logistics Aggregation. Several small enterprises can jointly fill a Full Container Load (FCL) to reduce logistics costs. This approach, known as "consolidated export," reduces costs by 25–35%.

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4.4. Shared Digital Platform within the Cluster. Introducing a common digital platform for B2B order management, inventory, customer databases, and automated export documentation significantly reduces administrative costs and errors.

4.5. Cluster Export Association. Cluster members can collectively share the costs of exhibition stand rentals, delegation trips, and marketing materials at international trade fairs, fundamentally reducing market entry costs for each company.

5. Analysis Results and Recommendations

Based on the analysis conducted, the effectiveness of a cluster-based export strategy for local businesses can be assessed through three key indicators: time to market, export cost ratio, and export survival rate.

For firms operating within a cluster, these indicators demonstrate the following trends: time to market is reduced by an average of 40% compared to stand-alone companies; the export cost-to-revenue ratio decreases by 8–12%; and the five-year export survival rate rises from 35% to 58% (calculated based on Audretsch and Feldman, 1996).

CONCLUSION

This article analyzed the theoretical foundations and practical mechanisms for enhancing the export potential of local businesses through the cluster approach. The research results support the following conclusions:

- **Synergy Effect:** Firms operating within a cluster gain competitiveness that stand-alone companies cannot achieve through shared use of knowledge, technology, and infrastructure.
- **Economies of Scale:** Sharing costs for certification, logistics, marketing, and digitalization can reduce the export costs of each member company by 25–60%.
- **Branding Power:** A cluster-level umbrella brand gains international market recognition and earns consumer trust far more quickly than an individual company brand.
- **Role of the State:** In supporting cluster exports, the state's role should be limited to infrastructure, the legal environment, and diplomatic support, while refraining from interference in production processes.
- **Recommendation for Uzbekistan:** To fully activate the export potential of the existing 47 clusters, it is necessary to strengthen cluster governance structures, introduce unified quality standards, and create digital export platforms.

Direction for future research: Empirically testing the mechanisms of knowledge transfer within clusters and their relationship to export novelty is of significant practical importance.

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