

WAYS OF IMPROVING STRATEGIC MANAGEMENT OF ENTERPRISES AT OIL-GAS INDUSTRY

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Abstract— This article discusses the issues of improving the innovative strategic management of oil and gas enterprises in Uzbekistan, thereby increasing the efficiency of enterprises in the industry. Based on foreign experience by the author were proposed concept of the competitiveness of oil and gas companies.

Index Terms— oil, gas enterprises, innovation strategy, competition, investment, monopolistic industries, experience.

1 INTRODUCTION

Consistent work on harmonious development of the fuel and energy sector and diversification of energy resources is being carried out in our country. This is an important factor in meeting the growing demand for energy resources and sectors of the economy.

The current year's Investment Program included 26 projects totaling \$ 27.8 billion in this area. To date, the Ministry of Energy and Finance has approved financing of \$ 2.3 billion worth of foreign loans under the project "Establishment of production of synthetic liquid fuel (GTL) on the basis of purified methane of Shurtan gas-chemical complex", expansion of production capacities of Shurtan gas-chemical complex has been tasked with attracting a \$ 300 million loan from Gazprombank. It was noted that the funds needed for such projects as Mubarek gas processing plant, Shurtanftegaz and Gazlineftgaz, liquefied gas production, oil and gas extraction, and geological exploration equipment should be funded from the country's Eurobonds. It was pointed out that the attraction of direct foreign investments to the regions with difficult geological prospecting is not at the required level. [1]

2. LITERATURE REVIEW

A number of scientists who have learned how to improve innovative management strategies in their businesses, their content, and other areas of the economy have expressed differing views on the effectiveness of their management.

I. Ansoffa, A. Chandler i G. As Mintsberg

puts it, the strategy of the scientists, according to the theory of planning, is that the result will be ineffec-

tive. According to A. Chandler, the strategy is to identify the company's key long-term goals and objectives, as well as to develop an action and resource allocation program to achieve these goals. [2]

Henry Mintsberg "When we are firmly convinced of our actions, we usually get good results. The importance of the strategy for the enterprise: The acceptance of the flour eliminates the main problems, and most importantly, instead of discussing the manager's choice of the best market, focus on the details and choose specific goals or choose to serve customers. [3]

Strategic management, according to VV Kwint, is a process of formation and functioning of a strategic management system that promotes the formation or increase of the fundamental value of a strategy object, which is to develop and implement a strategy, its doctrine in accordance with its mission, priorities, goals and objectives. Includes [4]

The effectiveness of the oil and gas industry is directly related to the activities of other sectors of the economy. Taking into account the country's economic development and the sharp increase in future demand for energy resources, there is a need to accelerate the sector's sustainable development. The oil and gas industry of Uzbekistan is an important sector of the economy, which is rapidly developing and widely practiced in the innovation process. As you know, the purpose of the investment policy of the country is primarily based on the introduction of innovative activity in the strategic sectors of the economy - the priority of modernization, technical and technological re-equipment of the sectors.

3.METHODOLGY

In the course of the research, the purpose of studying the improvement of the management of oil and gas enterprises in Uzbekistan was the use of research, analysis and analysis of dynamic rows, economic and statistical analysis and synthesis, statistical grouping, monographic research, systematic analysis, comparisons and other methods.

4.ANALYSIS AND RESULTS

In line with the Action Strategy for five priorities of development of the Republic of Uzbekistan, a number of changes have been made in the oil and gas industry. In particular, the management system of Uzbekneftegaz was improved by the Decree of the President of the Republic of Uzbekistan "On Measures to Improve the Oil and Gas Sector Management System" of June 30, 2017. [2]

The analysis of the export potential of the sector suggests that it is necessary to pay attention to the need to increase the volume of exports based on the deep processing of hydrocarbons not only on gas. In order to regulate the monopoly industry, it is

necessary to reconsider tariffs based on market principles, to take concrete steps to gradually transfer the services of oil and gas supply to state and private partnerships, including the Ferghana oil processing plant for reliable management of investors the head of our state noted.

The program of hydrocarbons extraction up to 2021 and its implementation mechanisms have been approved. In 2017, the planned production of oil and gas condensate, liquefied gas production has been fulfilled. This indicates the need to improve the infrastructure of JSC "Uztransgaz" (Table 1).

Table-1

Information about gas station of JSC "Uztransgaz"

Gas station	25
Gas supply aggregates	252
Gas distribution stations	393
Gas Distribution Points	101317
Mains gas pipelines (km)	13250,2
High pressure gas pipelines (km)	13736
Medium pressure gas pipelines (km)	31651
Low pressure gas pipelines (km)	85203
Available free gas deposits	210
Oilfields	125

Source: author's work on the basis of Uztransgaz JSC data

At the expense of the current year, based on statistical data of the enterprises of the "Uzbekneftegaz", the infrastructure of the oil and gas enterprises currently has 25 gas stations, 252 gas stations, 393 gas distribution stations, 101317 gas distribution stations, gas pipelines 13250.2 km, high pressure gas pipelines 13736 km, medium pressure pipelines 31651 km, low pressure gas pipelines 85203 km, existing free gas fields 210 and oil deposits 125.

The oil and gas industry plays an important role for Uzbekistan in economic and political terms. That is why the government tries to keep its influence on this network. This effect can be the direct share of the state in the property of enterprises, as well as in the form of licensing, taxation and credit. (Figure 1)

At the same time, the implementation of the concept of the innovative development strategy of the oil and gas industry will lead to sustainable development of the oil and gas industry of the country and will eventually lead to the sharp increase in the budget revenues and foreign exchange earnings, as well as the construction of modern industrial enterprises in the regions and creation of new workplaces population welfare.

Based on the strategic management goals and mechanisms of the above-mentioned oil and gas industry, it is desirable to develop a concept for the strategy of innovative development of the industry and to develop new oil and gas extraction centers (Ustyurt, Bukhara-Khiva, Gissar, Surkhandarya and

Ferghana) based on the In particular, the oil and gas industry centers need to achieve scientific and technological progress on the application of modern innovative technologies in integration, search, mining, transportation and processing of clusters of natural gas and raw materials, and on the basis of production of high quality, competitive products at all stages. If we look at the concept of the strategy for the innovative development of the oil and gas industry, it is mainly related to the goal setting, the strategic analysis, the factors that shape the strategy of innovation development, and the innovative strategy requirements.

Foreign experience

The competitiveness of international oil and gas companies should be considered as a complex concept, which includes three aspects:

1. Competitiveness characterizes the efficiency of an oil and gas company in a competitive market, describes a kind of its success, allows you to assess the strengths and key competencies of a company compared to its competitors.

2. The competitiveness of an oil and gas company should be assessed in comparison with other enterprises of the oil and gas industry in the domestic and foreign markets. The company's activities in foreign markets require more careful and hard work in developing new methods and tools for managing competitiveness, which is associated with a large number of competitors, the specifics of activity in the

new market, the need for additional research and the formation of adaptation mechanisms on a permanent basis.

3. Competitiveness is not a constant and integral characteristic of an oil and gas company, which

is associated with the continuous improvement of the competitiveness management mechanism based on the search and implementation of new innovative technologies at all countries.

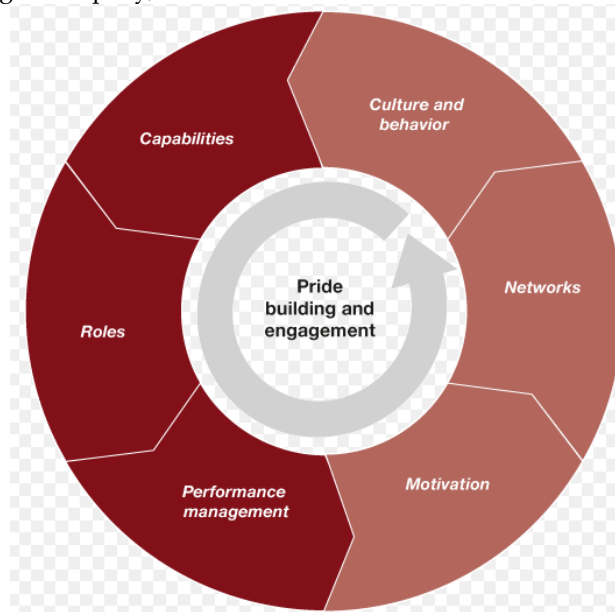


Fig.1. Formal and informal levers. [9]

Competitive companies require tailored strategies to tackle the full range of strategic and market challenges. Working with condition-driven methodologies, our teams help clients inform their strategic debate, envision the future, set clear expectations, and develop and implement appropriate strategies related to:

- Corporate growth
- Capital allocation
- Portfolio optimization
- Operating models
- Organizational architecture
- Workforce planning

The competitiveness of international oil and gas companies is not only difficult to determine, but also extremely difficult to measure. Methods and management tools that are successfully used by one company can lead to destabilization of another company. In modern conditions, the competitiveness of international oil and gas companies is shaped by various factors:

- 1) the external environment, which includes the market, competitors and customers;
- 2) use of communication networks;

- 3) financial sustainability of organizations;
- 4) the effectiveness of the use of human and material resources;
- 5) corporate strategy;
- 6) demographic factor;
- 7) the trend of demand for oil, that is, the positive dynamics of demand for cars is maintained due to the growth of the transport sector, in which oil is still the main source of energy;

8) increased costs in oil production; In most cases, cost increases associated with the depletion of the resource base of traditional oil. The growing demand for hydrocarbons forces companies to engage increasingly expensive unconventional reserves into development.

All of the above factors affecting the competitiveness of international companies in the oil and gas industry should be considered and evaluated in the light of their interconnection and mutual influence. Only in this case can objective information be obtained about the company's place on the market of presence, and also a strategy is developed for improving competitiveness for the future [5].

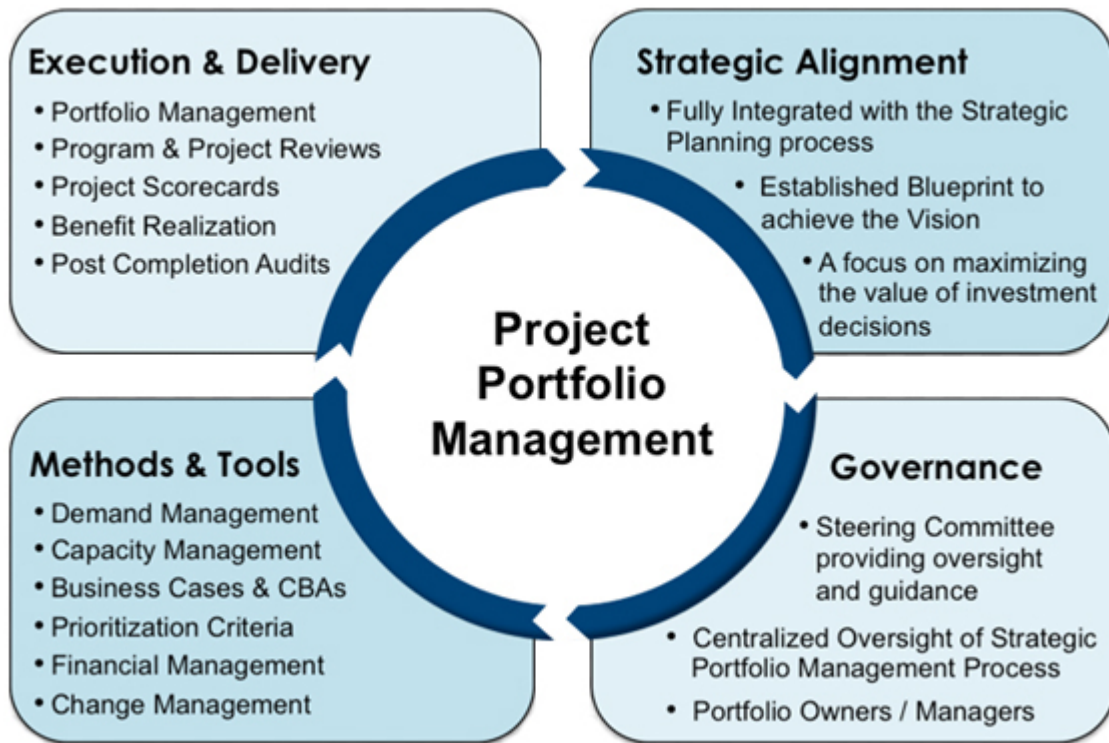


Fig.2. Tools of strategic management of enterprises at oil-gas industry.

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Formation of the competitiveness of international companies in the oil and gas industry is carried out under conditions of fierce competition in the global market. Competitive rivalry is a set of specific actions and reactions of competing companies in the process of fighting for a favorable market position [5]. Through the implementation of a competitive behavior strategy, an international oil and gas company is trying to successfully position itself, as well as protect existing competitive advantages in the future. Competitive rivalry develops due to the continuous mutual influence of the decisions and actions of various companies operating within the same oil and gas industry.

In the modern world, competition among international oil and gas companies is intensifying, and their technological rivalry is becoming more acute [5]. They constantly need to update their resource base, develop new fields with difficult mountain and geological conditions, as well as located on the Arctic shelf, which, accordingly, places ever higher demands on the equipment and technology used, forces oil and gas companies to develop and implement innovative technologies, as well as stimulate the development of innovation [6].

Leading international companies in the oil and gas industry have formed core competencies in the development and implementation of innovative technologies in all stages of the technological process of extracting and processing oil, gas and oil products. So the British-Dutch oil and gas concern Royal Dutch Shell and the American transnational oil and gas corporation Exxon Mobil Corporation (or ExxonMobil) (USA, Texas) have accumulated significant experience in developing innovation through the use of a strategic approach to managing their competitiveness.

Shell develops lightweight drilling rigs for offshore fields. Research and development activities are crucial for the continued success of Shell, which has large research centers in the UK and the USA, as well as a number of other smaller laboratories [8].

Currently, Shell has adopted the concept of "corporate venture financing", whose budget has reached \$ 125 million in investment over the past five years. Today, the company applies this concept as the main opportunity to incorporate into innovation through the full range of financial transactions, acting as a catalyst for change to shape its future strategy as an innovation leader in the oil and gas industry. The concept of corporate venture financing allows the oil and gas company Shell to develop and implement promising innovative projects that provide companies with competitive advantages in the global market. All these achievements of the company in the field of oil and gas industry are the result of the functioning of an effective mechanism for managing competitiveness using a strategic approach that allows for comprehensive development of innovations.

Also, one of the effective tools for managing the competitiveness of Shell's oil and gas company is to diversify its activities, as a result of which the company successfully exploits deposits of non-ferrous metal and uranium ores in Australia, Canada, Germany, non-ferrous metal ores in New Zealand, Great Britain, Morocco, and uranium in the United States

and Of Spain. Shell owns 41 refineries in 25 countries with a total production capacity of 120 million tons per year. In Western Europe and the USA, over 87% of Shell's oil is processed. More than 50% of the petroleum products produced are sold in Western European countries. The sale of the company's chemicals is 1.6 billion pounds. The company has its own oil fleet consisting of 66 tankers with a total capacity of 7.1 million deadweight / ton. In addition, it operates 45 chartered vessels with a total capacity of 6.8 million deadweight / ton. It also owns (fully or partially) oil pipelines in the UK, Germany, the Netherlands, Switzerland, Austria and the USA [8].

One of the largest oil and gas companies using innovative developments as the main tool for managing their competitiveness is the American company Exxon Mobil Corporation - one of the largest corporations in the world in terms of market capitalization (as of December 1, 2016. \$ 370.20 billion) [four]. The Exxon Mobil innovation development program is aimed at creating and introducing new technologies to solve key production problems. In 2015, the amount of funding for innovation activities aimed at the development and development of new production and management technologies amounted to \$ 2.2 billion. In 2016, 0.67% of Exxon Mobil's revenue was allocated to finance innovation (in ruble terms it is about 9.4 billion rubles), which is 1.9 times more than the 0.33% recommended by the Ministry of Economic Development. Work on the creation and implementation of new technologies in Exxon Mobil is carried out on the basis of leading specialized enterprises and universities that have the necessary scientific and technical potential to solve the tasks [7].

4 CONCLUSIONS

The oil and gas industry has accumulated a lot of problems over the years. Natural gas extraction and oil products production forecast for 2017 is not sufficiently fulfilled, as reserves are not sufficiently increased. The forecast of drilling volume in geological exploration was fulfilled at 77%. If this were done, it would have been possible to increase the reserve. In addition, the forecast of operational drilling was 49% and wells were 53%. Modernization and reconstruction of natural gas extraction and distribution networks is also insufficient. As a result, 6% of this natural resource is lost, beginning with gas production and delivering it to the consumer. According to the State Geological Exploration Program, it is necessary to increase the natural gas reserves by 57 billion cubic meters by 2018, and increase the oil and condensate reserves by 3.6 million tons by opening new deposits. It was noted that this year, construction of 255 new wells and 26 new technological facilities for the production of 63 billion cubic meters of natural gas, 3 million tons of oil and condensate production, 76 wells should be completed.

Uzbekneftegaz plans to implement 24 investment projects worth 2 billion 756 million US dollars. These funds will be used for the construction and modernization of the Jizzakh oil refinery, the second stage of the Kandym gas processing

complex and the Kandym field group, the production of synthetic liquid fuel at the Shurtan Gas Chemical Complex, and the 25th anniversary of the independence of Surkhandarya and the development of feasibility studies.

By analyzing the fact that more than half of the investment in the economy of the country belongs to the oil and gas sector, we need to know that every dollar spent should bring economic benefits. From the point of view of public interest, it is necessary to revise the terms of the product distribution agreements and the conditions of joint ventures, diversify the logistics directions of the oil and gas enterprises, and determine transport corridors and tariffs, ensuring the cost of raw materials and cheaper exports.

The loss of natural gas supply to consumers indicates that the gas distribution system is physically outdated. This, in turn, implies that the scientific discoveries in the research on improving the infrastructure of oil and gas facilities should be incorporated into the networks. In cooperation with foreign companies, it is necessary to develop high and medium pressure gas distribution system, and to consider proposals on gas transportation.

The US Epsilon Development company is expected to invest \$ 5.2 billion in gas production in Uzbekistan. Earlier, the American company announced that it will produce gas in the Surkhandarya and Fergana Regions, where substantial costs are needed, and that is difficult to master. In the next two years, the United States will invest \$ 2 billion in development of gas fields in these regions.

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