

**MODERN APPROACHES TO IMPROVING THE MANAGEMENT OF THE
ACTIVITIES OF THE AIRLINE OF UZBEKISTAN AIRWAYS JSC**

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*This article will study modern approaches to
improving production and quality management
systems using the example of the airline “Uzbekistan
Airways” (UA). The main goal of the study is to
develop a hybrid business model aimed at improving
the competitiveness of the company, optimizing
operating costs and bringing the quality of services
to a new level, the principles of Lean Six Sigma, as
well as an integrated strategy covering digitization.
This approach will determine the main priorities in
the activities of the airline between 2025 and 2029.*

Introduction

In the context of deepening globalization processes and digital transformation, the organization of efficient production and ensuring a high level of service quality in a modern economy is becoming a decisive factor for the sustainable competitiveness of any enterprise, in particular the high-tech and capital-intensive aviation sector. Airlines today face a number of complex challenges, such as increased market competition, changing passenger demand, and compliance with international safety standards. In particular, the

sharp increase in low-cost airlines competing on price requires a strategic transformation of carriers operating in the traditional Full Service Carrier (FSC) model.

Quality Management is a set of systematic management principles aimed at meeting customer needs and continuous improvement of processes. Its basis consists of three interrelated sections: Quality Planning (setting requirements), Quality Assurance (ensuring compliance with standards), and Quality Control (assessing the actual state of the service). One of the most effective philosophies of quality management is Total Quality Management (TQM), founded by leading experts such as Kaoru Ishikawa and William Deming. TQM provides for the comprehensive participation of all employees in achieving quality and the unification of continuous improvement into a single philosophy.

Basic TQM principles:

1. Customer orientation: All processes are focused on the continuous analysis and satisfaction of the needs and expectations of the end user.
2. Process approach: Production is considered as a set of interrelated processes, which allows identifying key stages and optimizing them to achieve quality consistency.
3. Employee involvement: Each employee is responsible for quality in their workplace. Management supports this culture by creating clear standards, setting clear standards, and providing resources.

The Lean Six Sigma integrated methodology is a key tool for improving operational efficiency in the aviation industry. This methodology combines two main approaches:

- Lean (Lean Production): Aims to identify and eliminate any waste in processes (excessive waiting, unnecessary transportation, excess inventory, defects, etc.).
- Six Sigma: Helps to improve quality by reducing process variability and reducing the number of defects in services and products to a minimum (3.4 defects per million opportunities).

The Essence of the Hybrid Model

The hybrid model is a strategy that combines the advantages of the FSC (Full Service Carrier) and LCC (Low-Cost Carrier) approaches. This model proposes to divide UA's activities into two separate brands:

1. Uzbekistan Airways (FSC): Serves the premium segment. High service standards, comfort and high profitability are maintained on international and long-haul routes.

2. Uzbekistan Express (LCC): Covers the low-cost segment. Operates mainly on short and medium-haul routes, services are simplified to a minimum, and pricing policy ensures aggressive competitiveness.

As a result of this transformation, it is expected to achieve key goals such as increasing market share by 15% and reducing operating costs by 10% within 5 years. For the hybrid model to work effectively, the organizational structure will need to be optimized. This will be done, in particular, by separating the Operational Divisions. All departments, from technical support to marketing, will be adapted to provide separate services to the UA (premium) and UEX (economy) segments.

Digitization is the most important direction of the UA strategy for 2025–2029, which will not only increase efficiency, but also be the most effective way to dramatically reduce costs. The overall result of digitization projects will provide a reduction in operating costs by 12–15% within 5 years.

While reducing fuel costs is a direct result of Lean Six Sigma and digitalization, some areas are of particular priority:

- Fuel Efficiency: Increasing the number of modern, fuel-efficient aircraft such as the A320neo and B787, as well as calculating optimal flight routes.
- Service Independence: Achieve significant cost savings by localizing MRO operations performed overseas (average \$1.2 million/repair).
- Ground Services Optimization: Redesign ground services processes based on Lean and eliminate unnecessary costs.

UA's comprehensive strategy to ensure competitiveness combines Lean Six Sigma (operational efficiency) and Digitalization (cost reduction, revenue growth) approaches under a hybrid business model (market fit).

Increasing market share depends on the successful implementation of the hybrid model. In addition, the following will be implemented:

- Opening new, high-demand routes in Europe and Asia.
- Expanding the route network by joining global alliances such as SkyTeam.
- Pursuing an aggressive pricing policy in the LCC segment and strengthening premium service in the FSC segment.
- Offering integrated package solutions that support tourism.

Expected Financial and Operational Results

If the strategy is fully implemented, the company is projected to achieve the following key performance indicators during 2025–2029:

1-Table

Forecast of the company's key indicators

Indicator	Primary state	Goal (within 5 years)	Difference
Price	High	-10%	Positive
Market share	Stable	+15%	Positive
Passenger flow	Stable	+20–25%	Positive
Frequency of technical failures	Average	-20%	Positive
Delay Rate	Average	-15%	Positive
Income	Stable	+12–18%	Positive
Customer satisfaction	Average	+25%	Positive

These results show that the proposed transformation provides an opportunity to turn Uzbekistan Airways into one of the most efficient and competitive airlines in the international and regional markets.

Conclusion

The main conclusions are that a comprehensive transformation based on three main pillars, rather than just a few methods, will ensure the airline’s future success. This set of strategies will serve to strengthen Uzbekistan Airways’ long-term sustainable development, competitiveness, and leadership position in the regional aviation market. By 2029, the

company is expected to reduce its operating costs by 10–15% and increase passenger traffic by 20–25%.

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