

The Development Strategy of International Companies in Modern Conditions

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Abstract

This article develops strategies for the development of international companies in modern conditions; the basic concepts of the development strategy of international companies in modern conditions are revealed; analyzed the activities of the association "Uztekstilprom"; practical proposals have been developed to improve the development strategy of the association "Uztekstilprom"

Keywords- *Operational strategy, corporate strategy, enterprise resources, market share, intensive demand growth, offensive strategy.*

INTRODUCTION

In the context of the globalization of the world economy, the role of domestic business as the most important participant in the world market is significantly increasing. Active growth and the economic potential accumulated in recent decades allow a number of domestic companies to set themselves the task of moving into the "major league" of global "players". However, domestic companies are forced to work in an environment of increasing uncertainty: a rapidly changing situation in international markets, increased competition, an increasingly rigid regulatory environment, and powerful industry shifts within the global economy.

Therefore, the formation of a strategy to expand their business abroad is for domestic companies not only one of the ways to increase their shareholder value, but also to consolidate as full participants in the international market. To do this, they need a deeper study of strategic alternatives in the face of unrelenting competition from foreign partners.

In conditions of limited time and resources, the multivariance of strategic choice makes it necessary to develop an effective international strategy for the company. All this testifies to the relevance of the problem posed in the study of the international strategy of the company.

Methods. In preparing the article, such research methods as the method of horizontal and vertical analysis, the formal-logical method, the method of scientific abstraction, and econometric analysis were used.

Results. The development of the potential of the textile industry for Uzbekistan is one of the most important strategic directions. The country is well positioned to cost-effectively process and produce the highest value-added end products from available textile raw materials, but at the same time, the industry is still less technically advanced and less attractive to foreign investment than other textile developing countries.

There is a strong relationship between foreign investment and economic growth. In order for a country to achieve sustainable high rates of economic growth, an inflow of capital into the economy is necessary. As the US-China trade wars force factories to move out of China, mainly to the countries of Southeast Asia - Vietnam, Cambodia and Bangladesh, Uzbekistan with the development of its textile clusters, large cotton production, low cost of electricity and labor, may, has a remarkable once-in-a-lifetime chance to attract hundreds of textile factories, which could lead to billions of US dollars in foreign direct investment and create hundreds of thousands of jobs for the citizens of Uzbekistan.

Its enterprises produce a variety of consumer goods - fabrics, threads, knitwear, cotton wool, finished products, etc. If until 1991 only Bukhara, Tashkent, Andijan, Ferghana textile mills operated in the country, then during the years of Independence a large number of enterprises were introduced.

Fifthly, the products of the textile industry enterprises - members of the Uztekstilprom Association are exported with a single label "Uztextile". The monopoly in the sale of raw cotton to local textile producers was also abolished.

Thus, the head of state supported the proposal of the textile industry enterprises, the meeting of shareholders of Uzbekengilsanoat JSC and a number of departments on the creation of the Uztekstilprom Association. At the same time, Uzbekengilsanoat JSC, which combined state regulatory and economic functions, was liquidated. The reason for the liquidation is that the existing system of industry management did not meet modern trends in the development of the textile industry and is not able to provide support to manufacturers.

The experience of foreign countries has shown that one of the effective forms of development of the textile industry is the creation of clusters. This model implies the organization of a single production cycle, which includes the cultivation of raw cotton, primary processing, further processing at ginneries and the production of final textile products with high added value.

The President also provided members of the Uztekstilprom Association with a number of benefits and preferences. Among them: exemption until January 1, 2021 from customs duties for imported cotton, artificial and synthetic fibers, wool, raw materials and other materials necessary for the production of textile products.

In accordance with the document signed by President Shavkat Mirziyoyev, starting next year's harvest, for the first time in Uzbekistan, textile companies will be able to purchase raw cotton directly from farmers as an experiment.

Thanks to the innovation, textile producers will be able to control the entire chain of growing and harvesting cotton, starting from the choice of variety and setting requirements for the quality of cotton fiber. Textile workers will also for the first time be able to carry out the primary processing of raw cotton at their own or leased specialized enterprise, or entrust this process to ginneries on a give-and-take basis.

Analyses. Association "Uztekstilprom" is a joint-stock company by the form of ownership. The supreme governing body of the association "Uztekstilprom" is the general meeting of shareholders, exercising their powers in accordance with the law of the Republic of Uzbekistan "On joint-stock companies and protecting the rights of shareholders."

Uzbek textile products are exported to more than 55 countries of the world. The main export markets are the CIS countries, primarily Russia, as well as the countries of Latin America, the EU, the Republic of Korea, China, Singapore, Iran, Israel, the USA and others. In 2016, new sales markets were developed - Pakistan, Georgia, Croatia, Nigeria and a number of others. Russia and the CIS countries are the largest importers of Uzbek textile products. They account for more than 51% of all deliveries, 21% are exported to South Asia, over 12% to Europe, 8% to the Middle East and Africa.

Export indicators of textile and clothing and knitwear products in 2017 amounted to 1.3 billion US dollars.

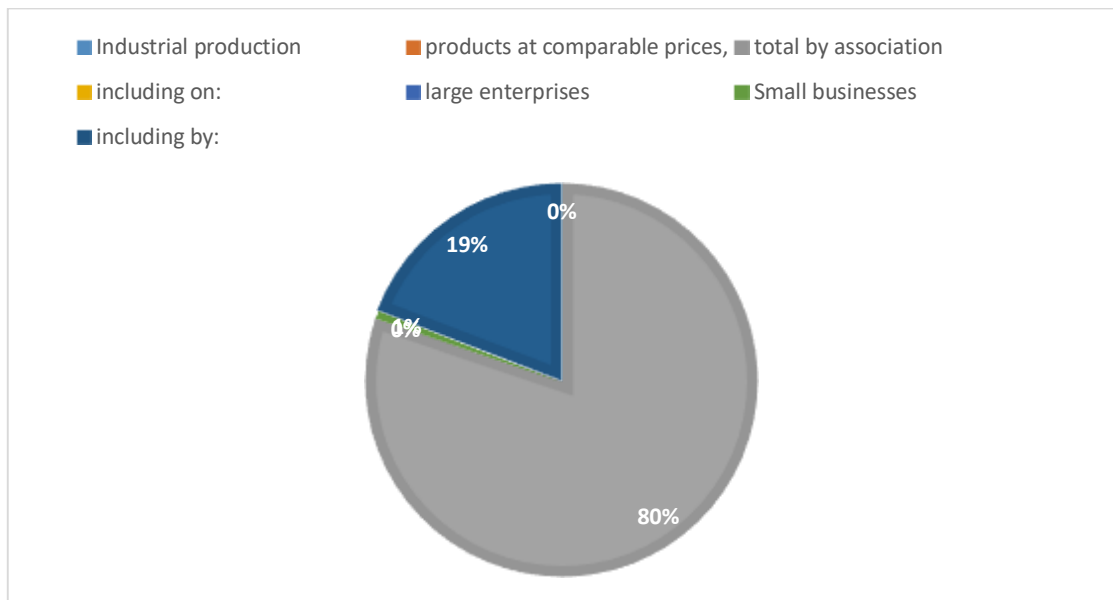
Table 1

Forecast volumes of production of marketable products for 2019-2023

(billion sum)

№	Enterprises	2019y.	2020y.	2021 y.	2022 y.	2023 y.	Pace growth, %
1	Industrial production	10 87	12 41	4 269	16 553	19 201	116,0
	products at comparable prices,						
1.1	total by association	2 879,4	4 38,4	4 862,2	5 639,8	6 542,2	116,0
1.2.	including on:	7 688 8	202,4	9 668,0	10 913,0	12 658,7	116,0
	large enterprises						
	Small businesses	23	30,2	34,3	35,6	37,2	104,5
	including by:	688,5	1562,8	2 150,4	2 581,4	2 608,2	100,0

From tab. 1. It can be seen that in the last three years alone, 92 industrial enterprises were put into operation with a total value of 575.3 million dollars and with an export potential of 215.8 million dollars. At the same time, more than 11.6 thousand jobs were created. In particular, this was achieved through the creation of the Indorama Kokand Textile joint venture on the basis of the Kokand Textile Plant with a production capacity of 29,000 tons of yarn per year. In addition, in the Khorezm region, the Uzteks Group enterprise, together with the Swiss company Swiss Capital, organized the production of 12,000 tons of cotton yarn per year.



Pic.1. Forecast volumes of production of marketable products for 2019-2023

At present, the industry's production capacity is 450 thousand tons of yarn, 296 million square meters of fabrics, 90 thousand tons of knitted fabric and 270.2 million pieces of garments and knitwear per year. Modern design, along with high technical characteristics, makes the products of light industry enterprises the most attractive and allows them to occupy their own niche in the international market, compete at the highest level with world brands. According to the Uzteksilprom Association, by 2020 Uzbekistan plans to implement more than 80 light industry projects worth over \$1 billion. For this, the Program for the Development of the Textile and Light Industry for 2015-2020 has been developed. Its implementation will increase the export potential of the country's textile industry by more than 1.8 times.

The results of the first half of this year also speak of how the industry is gradually and dynamically developing today in line with the adopted state programs. In particular, as a result of the implementation of measures to expand the range of manufactured consumer goods in the textile industry, in the first six months of 2019, the production of 38 new types and 174 new models of finished garments and knitwear was mastered.

The measures taken to stimulate and support enterprises of the real sector in the implementation of modernization and strengthening of the material and technical base contributed to the dynamic development of the textile industry, whose enterprises produced goods worth 4,399.8 billion soums in January-June this year, including cotton - for 1,185.9 billion soums and knitwear - by 400.5 billion soums, clothing industry - by 1,113.1 billion soums and so on.

In addition, compared to the corresponding period last year, large light industry enterprises increased the production of cotton twisted yarn not packaged for retail sale by 1.3 times, pile and terry knitted fabrics by 3.2 percent, and sewing and knitwear in total - 1.2 times, including outer knitted and knitted clothes - 2.1 times, overalls - 1.6 times. However, according to experts, despite all this, the light industry of Uzbekistan still has a significant unrealized investment potential, all the conditions for further accelerated growth. The main target for further work is to increase the production of goods for the domestic market in order to meet the growing needs of the population. To do this, it is necessary to attract investments in projects for the production of ready-made cotton fabrics, blended and silk fabrics, garments and knitwear, which provide for the creation of mobile production facilities with the mandatory formation of structures responsible for design, marketing, and rapid changeover of production, taking into account fashion and demand.

In order to ensure the accelerated development of the textile industry of the republic, expand the production of high-quality and competitive finished products, further its promotion to large foreign markets, as well as the consistent implementation of the tasks identified by the Action Strategy in five priority areas for the development of the Republic of Uzbekistan in 2017-2021:

1. Consider the most important areas for further reform of the textile industry of the Republic of Uzbekistan:

- first, increasing the share of the textile industry in the economy, increasing the volume and quality of textile products produced in the country, primarily through reorientation to high-tech production of competitive textile products with high added value;

- second, a fundamental revision of the textile industry management system with the introduction of advanced management technologies, effective forms of comprehensive assistance and support for industry enterprises, including in solving problems that hinder their development;

- third, further improvement of the standardization and certification system in the textile industry through its harmonization with international requirements and standards, as well as modernization and accreditation of product testing laboratories;

- fourth, the widespread introduction of advanced information and communication technologies into the industry, which makes it possible to obtain reliable and timely information on the state and development trends of the domestic and foreign markets for textile products, to conduct its systematic and comprehensive analysis in order to determine priority areas for the development of the industry;

- fifth, the implementation of a cluster development model that provides for the integration of production, starting from the stage of growing raw cotton, its primary processing, further processing of products at ginneries and the production of final textile products with high added value;

- sixth, ensuring a balanced distribution of raw materials and deployment of emerging enterprises in the industry in conjunction with the development of logistics and engineering infrastructure, including through the construction of multifunctional transport and logistics hubs, the selection of optimal routes and corridors for the delivery of goods, as well as the optimization of tariffs for transportation;

- seventh, the widespread introduction of advanced innovative technologies, know-how, design developments into the production process, the localization of the production of modern fittings and accessories in order to expand the production and export of finished high-quality textile products, promote national brands in world markets;

- eighth, cardinal improvement of the system of training, retraining and advanced training of personnel for the textile industry with the expansion of areas in the most popular specialties, the revision of the curricula of educational institutions, taking into account current trends in the development of the industry, the intensification of research activities, as well as international cooperation in this area.

2. Approved "Roadmap" for the accelerated development of the textile and clothing and knitwear industry in the Republic of Uzbekistan (hereinafter - the "Roadmap").

The heads of ministries, departments and other organizations are personally responsible for the timely, complete and high-quality implementation of the measures provided for by the Roadmap.

Due to serious systemic problems in the industry, including the lack of effective management and the associated technological chain for the manufacture of finished products, the share of the textile sector in the structure of GDP is only 4.6% (data for the first half of this year).

High monopolization and lack of due competition also hinder development and are the reason for the low profitability of raw cotton production, its processing and production of finished products.

Association Uztekstilprom works with marketing services at enterprises and its main function is to support domestic producers and create favorable conditions for the sale and export of finished products.

The main priorities in the work of the marketing department of the Uztekstilprom Association are:

1. Conducting an analysis of the economic activities of exporters in the interests of the Republic of Uzbekistan, development of road maps
2. Development of a production strategy at enterprises
3. Stimulation of production volumes using market levers
4. Import of textile products without overpricing.
5. Analysis of the information received from trading advisors in embassies, consulates.
6. Cooperation with ministries and departments, such as the Ministry of Foreign Trade, the Ministry of Economy of the Republic of Uzbekistan, the Ministry of Finance, the State Tax Committee.
7. Working with the industry - opening new and promising markets for the sale of finished products, supporting domestic producers.
8. Analysis for the delivery of goods and the formation of a favorable environment for production.
9. Study and implementation of Western production technologies.
10. Reducing the tax burden for domestic producers.

Table 5

Importers of Turkish textile equipment of the association "Uztekstilprom"

№	Country	№	Country
1	Bangladesh	11	Russia
2	Iran	12	Turkmenistan
3	India	13	Bulgaria
4	Egypt	14	Vietnam
5	Pakistan	15	China
6	Uzbekistan	16	Ethiopia
7	USA	17	England
8	Germany	18	Poland
9	Belgium	19	Indonesia
10	Italy	20	Sudan

In 2015, the total export value of the Turkish textile machinery industry was 1.6 billion USD, and in 2019 it was 8.6 billion USD, an increase of almost 7 times during this period.

Discussion

In accordance with the analysis carried out, the following recommendations can be made to improve the strategy of the enterprise. For the main activities of the Uztekstilprom association, the best strategy is low costs, based on a fuller use of fixed assets. Also, the management of the

enterprise needs to establish contacts with new suppliers of raw materials and materials, on more favorable terms for the enterprise.

Thus, according to the Porter model, a differentiation strategy can be proposed for a firm when the firm targets a large market, offering both a standard product and a stand-out new product.

The offer of a wide range of new materials is beneficial for the Uztekstilprom association. Now, most building products are in their maturity stage, so the firm needs to try to maintain its distinctive advantage (high quality, thoughtful discount system, etc.) for as long as possible.

The current pricing strategy for the firm's products was calculated correctly, which ultimately reflected in the high profits of the firm. Also, the path of transformation, modification of the product was correctly chosen to renew demand after the market was saturated with the product. At the same time, a new modification of the product must be introduced to the market, then the company will again be able to receive high revenue and profit.

Therefore, in the short term, a company is recommended a strategy aimed at identifying the deeper needs of buyers and thereby expanding its coverage (for example, the production of new types of building structures).

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