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# Enhancing Business Competitiveness in Running Business Process through using of Internal Capacities of the Textile and Textile Knitting Industry

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**Abstract:** This article addresses the issues of improving ways to effectively use the domestic potential of the textile and clothing industry. It also covers the development of the textile and clothing industry and the effective use of domestic resources. In addition, indicators have been proposed to identify the internal potential of the textile and clothing industry, and research has been conducted on their evaluation practices. The main indicators of the structure of production capacity and the level of utilization of internal capacity of industrial enterprises have been developed. In addition, the export potential of the industrial sector of the Republic of Uzbekistan was analyzed and the export potential of Samarkand region was assessed. Conclusions and recommendations have been developed to improve the effective use of the domestic potential of the textile and clothing industry.

**Keywords:** textile and garment industry, domestic potential of the industry, textile, industrial sector, domestic potential, export potential, corporate efficiency, innovation potential, production potential, cotton yarn.

## Introduction

In the context of globalization of world economic relations, Uzbekistan's entry into the global economic environment requires, first of all, the internationalization of the national economy, the deepening of the international division of labor and adaptation to transcontinental competition in the market of raw materials and finished products. "The textile industry accounts for 5.2% of world trade and 6.1% of industrial exports" [1].

Today, there are a number of problems at the macro and microeconomic levels in the export activities of the textile and clothing industry. Solving these problems requires integration into the world community, in particular, the formation of the concept of economic development of modern textile and garment production in the country and the development of a set of theoretical and methodological recommendations and practical proposals for building a marketing strategy for export opportunities.

“By 2025, the total volume of cotton yarn produced in the country will increase by 7 billion soums due to the processing of textiles. Therefore, it is very important to scientifically study the factors that actively affect the efficiency of export activities of textile and clothing enterprises of the Republic in international markets [2].

In the first years of independence, Uzbekistan, unlike many other countries in the Commonwealth of Independent States, has chosen a specific path of transition to a market

economy and has consistently implemented it. In order to continue the positive changes in the economy, further improve the welfare and quality of life of the population, the President of the Republic of Uzbekistan approved the "Action Strategy for the five priority areas of development of the Republic of Uzbekistan in 2017-2021." The third direction of the action strategy is aimed at developing and liberalizing the economy, and the following tasks should be addressed [3]:

- further strengthening macroeconomic stability and maintaining high economic growth rates;
- deepening structural changes, increasing its competitiveness by modernizing and diversifying the leading sectors of the national economy;
- modernization and accelerated development of agriculture;
- Continuation of institutional and structural reforms aimed at reducing state participation in the economy, protecting the rights of private property and further strengthening its priority position, stimulating the development of small business and private entrepreneurship;
- Comprehensive and balanced socio-economic development of regions, districts and cities, effective and optimal use of their existing potential.

In the medium term, it is planned to implement a program of measures aimed at strengthening the revenue side of local budgets. The program of measures envisages increasing the revenues of local budgets by expanding the production capacity of the regions.

Referring to the results achieved in 2017 on the basis of the Action Strategy for 2017-2021, President of the Republic of Uzbekistan Sh.M.Mirziyoev said: “In 2017, we have taken the first steps towards modern, meaningful and effective reforms in the economy. A number of laws, decrees and resolutions, well-thought-out programs have been adopted and are being consistently implemented to organize and further liberalize our economy on a completely new basis, improve its legal framework, modernize and diversify production. In a short period of time, 161 large industrial facilities have been commissioned in the country. For us, this will have an impact on the future development of the textile and clothing industry.

**Analysis of the relevant literature**

The issues of development of industrial sectors and effective use of domestic potential in them were discussed by foreign scientists A. Lavopa, K. Ding, H. Chang, Dj. Gibson, T. Berry, V. Dissolved in the scientific work of Lapidus et al. I. from scientists of the CIS countries. Radionova, V. Vidyapina, G.Latfullin, V.Gruzinov, L. In the works and scientific works of Basovsky and others, issues related to this area of research have been studied in detail [5].

Problems of development of industrial sectors and effective use of domestic potential in them were discussed by one of the leading economists of the country S. G'ulomov, I. Iskanderov, Q. Abduraxmonov, Б. Xodiev, A. Ortiqov, E. Maxmudov, A. Yusupov, A. Qodirov, N. It has been studied in the scientific works of Mahmudov and others [6]. The research and works of the above scientists, their conceptual views are an important scientific and methodological source. As in other countries, the issues of modeling of socio-economic processes are the subject of scientific interest of economists of the republic in this area.

In particular, well-known economists of our country V.Q. Qobulov, S.S. Gulyamov, N.K. Aimbetov, T.Sh. Shodiev, O.M. Abdullaev, R.X. Alimov, B.Yu. Xodiev, N.M. Maxmudov, B.T. Salimov, Sh.R. Kholmominov, S.K. Salaev, B.A. Begalov, R.T. Dalimov, X.S [7]. Muxitdinov, I.S. Abdullaev, A.T. Kenjabaev, S.A. In-depth study of modeling and forecasting of production in Umarov's scientific works, modeling of socio-economic processes in complex environmental conditions, forecasting of small business development trends, factors and econometric models of sustainable socio-economic growth, modeling of formation and development of agriculture and rural labor market [8].However, in the above research, the issue of modeling the development trends of the industry of the republic has not been studied as a separate object of scientific research. On the other hand, the current research features and processes of industrial development of the republic are taken into account in the research work, which provides ample

opportunities to determine the relevance, purpose and scope of the chosen research topic. At present, taking into account the situation in the country, the existing potential and the peculiarities of development, the problem of effective use of domestic potential in the development of the industrial sector has not yet been fully explored.

Internal capacity is a source of industrial development, which, according to the author, determines the future development potential of industrial sectors, the effective use of existing internal opportunities ensures the development of the industry [9]. At the current stage of development of the market economy, in the process of diversification of the economy, with the introduction of family business and home-based work in industry, their labor activity and living standards of workers are closely linked.

**Research methodology**

Our research was conducted in order to improve the textile and clothing industry and effectively use the production potential, and identified tasks to increase the export potential of the country. The methods of comparison, grouping, economic statistics were widely used in the research process. The results of the study proposed a methodological approach to the implementation of a form of management that allows textile enterprises to use their production capacity in accordance with market demand.

**Analysis and results**

In monitoring the interaction of counterparties, it is necessary to answer the question "Is the activity of all enterprises included in the innovation group as a single unit more effective than the results of individual activities of each enterprise, and if so, to what extent?" To do this, it is an indicator of the effectiveness of cooperation. It was determined by the ratio of the efficiency of the innovation group to the average efficiency of the enterprises within the innovation group [10]:

$$OX=\frac{Z}{E} \quad (1)$$

HereZ – integrated efficiency of the innovation group,

E – average efficiency of enterprises within the innovation group.

The regional society "Janubipaksanoat" is engaged in collecting innovations of innovative projects of silk enterprises in Bukhara region, conducting research in various fields, receiving orders from enterprises and firms and selecting executors, organizing innovative activities of enterprises in the regional branch of the association, selecting investors.

The activities of the innovation group are supervised by the Department for Work with Scientific Institutions of the Uzbekpaksanoat Association. The activities of each enterprise within the innovation group should be constantly monitored. To ensure this, a corporate performance indicator was identified for each enterprise.

The corporate efficiency of each enterprise is calculated according to the following algorithm [11]:$Z_{ig}$

1. The contribution of each enterprise cost (DZi) to the cost of the entire innovation group was determined. It is found by the following formula:

$$DZi=\frac{Zki}{Zig} \quad (2)$$

In this case$Z_{ki}$ – i – costs of the enterprise;$P_{ig}$

$Z_{ig}$ - is an innovative group cost.

2. The contribution of each enterprise to the benefit of the entire innovation group (DP):

$$DP=\frac{Pki}{Pig} \quad (3)$$

In this case,Pki – i- is the net profit of the enterprise;

Pig - the net benefit of the innovation group.

3. The Corporate Efficiency Coefficient ($K_{Ki}$) is calculated separately for each enterprise as follows: $DP_{ig}$

$$K_{Ki}=\frac{DPKi}{DPig} \quad (4)$$

In order to better understand the production capacity, it is expedient to determine what are its constituent elements, which determines the complexity of this concept, and the structure of production capacity is expressed below (Figure 1) [12].

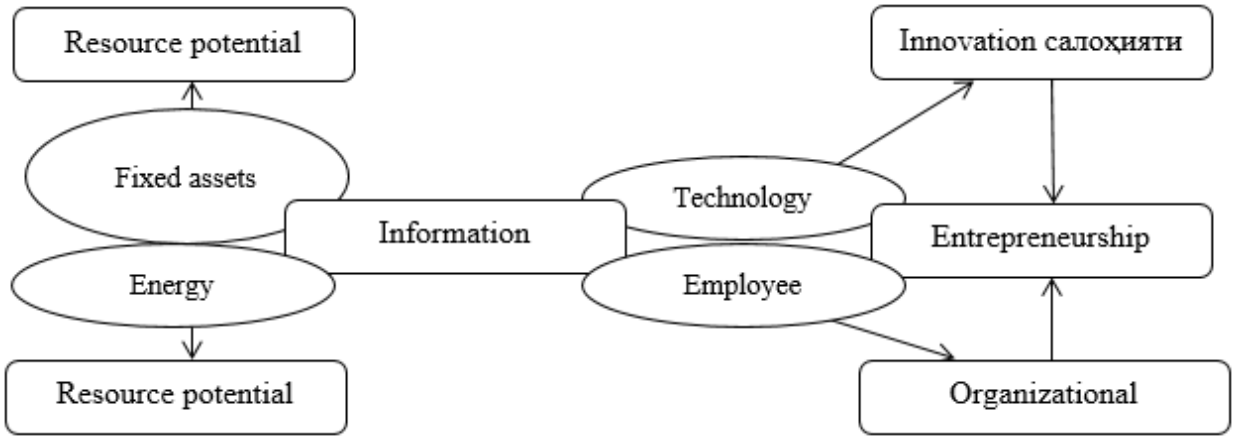


**Figure 1. The structure of production capacity**

In addition to the identified comparative advantages, there are opportunities to expand the export potential of the region (Table 1).

Today, the region has rich industrial sources of raw materials such as oil, petroleum and natural gas, natural gas, potassium salt, table salt, expanded clay raw materials, limestone, marble, sand and gravel, cement raw materials. scattered [13].

**Table 1. Promising areas for the development of export potential of Samarkand region**

| **Regions** | Cotton fiber | Processing of agricultural products | Building materials industry | Minerals (limestone, decorative stones, expanded clay and brick raw materials) | Export of silk carpets, suzana and satin | Exports of hydrocarbon resources (oil, coal and lignite) | Export of silk raw materials |
|---|---|---|---|---|---|---|---|
| Kattakurgan | | | ● | | ◙ | | ◙ |
| Aqdaryo | | ◙ | | ● | | ● | |
| Bulungur | ● | ● | | | ● | | ● |
| Ishtixon | ● | ● | | | | | |
| Jomboy | ● | | ● | | | ◙ | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Qo`shrabot | | ◙ | ● | ● | | ● | |
| Narpay | ● | ● | | | | | |
| Payarik | | ◙ | | | | ● | |
| Pastdargom | ● | | | | ● | | ● |
| Paxtachi | ● | ● | | ● | | ◙ | |
| Samarkand | | ● | | | | | |
| Nurobod | | | ● | ● | | | ◙ |
| Urgut | ● | | | | | ◙ | |
| Symbols: | ● - high potential,◙ - medium potential | | | | | | |

The analysis shows that the reserves and use of natural and mineral raw materials in Kashkadarya region are characterized by the following features [14]:

- Natural and mineral resources are accumulated in large deposits, which have the potential for complex processing at the site of extraction;
- Many types of minerals contain not only high levels of useful components, but also a large number of satellite elements;
- Most deposits can be mined opencast, and ore beneficiation technology is relatively simple. This technology allows to produce a large number of useful components and get a product that is in demand in the world market.

It represents growth, cost-effectiveness, and maximum performance.

**Table 2. The main indicators of the level of utilization of internal capacity of industrial enterprises**

| Value | The main symptoms of the condition |
|---|---|
| 0,75-1,0 | high level of internal capacity utilization in the enterprise; stability of economic and social situation in the enterprise; minimal additional production costs; minimal losses until final product production is a high level of profit. |
| 0,5-0,75 | The presence of additional costs and losses in production;<br>average level of internal capacity utilization;<br>Competitiveness of the enterprise;<br>Average level of stability in ensuring product quality;<br>The average level of stability of the economic and social situation. |
| 0,25-0,5 | Increased production costs and losses;<br>Low level of internal capacity utilization in the enterprise;<br>Low level of competitiveness of the enterprise;<br>Low level of product quality indicators;<br>Low level of economic and social stability. |

Upered≥ 0,5 In this case, enterprises will be able to invest in the effective use of their internal resources, improve technology, control product quality, increase product profitability and reduce costs. As productivity increases in industrial enterprises, wages and gross incomes increase, which means that on the one hand, the increase in wages has a direct impact on the growth of total incomes, on the other hand, the increase in state budget revenues increases the amount of social transfers paid to the population. indirectly affects income growth. We express this process by the function ($Y_4$) [15]:

$Y_4=\kappa*(k_2\Delta Q+k_3\Delta W)+\kappa_3\Delta T$ (5)

In this case, $Y_4$ is a function of income growth;

$K_4$ – income dependence ratio of enterprises;

$K_3$ – the coefficient of dependence of income on transfer payments;

$\Delta T$ - increased amount of transfer fees.

$K_4$ The coefficient is calculated as follows:

$k_4=\frac{W}{DI}$ (6)

In this case, DI is the total income of the population.

$K_5$ – The coefficient is calculated as follows:

$K_5=\frac{T}{DI}$ (7)

Thus, based on the effective use of the internal potential of industrial enterprises, the general function of raising the living standards of workers can be seen in the following form:

$Y=y_1+y_2+y_3+y_4=\frac{\Delta Q}{\Delta L}+k_1\Delta W+(k_2\Delta Q+k_3\Delta W)+(k_4.(k_2\Delta Q+k_3\Delta W)+k_5.\Delta T)$(8)

As a result of the increase in the monetary income of the population (workers), their consumption changes. This affects the living standards of the workers.

With additional funds remaining, the population can again use these funds as capital investments for the development of industrial enterprises.

This process is constantly reaching a circular view. It is known that the above directions are inextricably linked and can be expressed in the form of a multivariate function:

$Y=F(x_1,x_2, x_3, x_4\ldots\ldots)$ (9)

Given the participation of many variables in this process and their implementation in the above directions, in general, this function is expressed as the sum of 4 functions:

The share of textile, clothing and leather production is growing year by year, from 16% in 2018 to 11.9% by 2023. The most important factor in the decline in textile production in recent years is COVID-19 (Table 3).

**Table 3. Production of industrial products by type of economic activity (in percent)**

| **Types of activities** | 2018 y. | 2019 y. | 2020 y. | 2021 y. | 2022 y. | 2023 y. |
|---|---|---|---|---|---|---|
| Total: | 100 | 100 | 100 | 100 | 100 | 100 |
| including | | | | | | |
| mining and open pit mining | 9,7 | 8,1 | 10,3 | 12,3 | 13,5 | 9,0 |
| processing industry | 80,4 | 81,8 | 81,1 | 80,6 | 79,1 | 83,0 |
| of which: | | | | | | |
| manufacture of textiles, clothing and leather products | 16,0 | 16,7 | 16,3 | 14,5 | 11,8 | 11,9 |
| electricity, gas, steam supply and air conditioning | 9,2 | 9,4 | 7,8 | 6,2 | 6,8 | 7,4 |
| water supply, sewerage system, waste collection and disposal | 0,7 | 0,7 | 0,8 | 0,9 | 0,7 | 0,6 |

Source: Based on data from the State Statistics Committee of the Republic of Uzbekistan.

In addition, the dynamics of textile exports is growing from year to year. In particular, in 2021, silk and silk products amounted to 30.9 mln. US $ 74.7 million by 2023. We can see that it has reached USD. In addition, ready-made garments and garments amounted to 268.7 mln. 506.5

million US dollars. We can see that it has reached USD. One of the main reasons for this is the modernization of technology and the state's attention to this area (Table 4).

**Table 4. Dynamics of textile exports (million US dollars)**

| Brand name | 2020 y. | 2021 y. | 2022 y. | 2023 y. |
|---|---|---|---|---|
| | **1 133,6** | **1 300,3** | **1 626,9** | **1 922,2** |
| Cotton yarn | 631,3 | 726,6 | 926,1 | 940,7 |
| Ready-made clothes and sewing clothes | 268,7 | 289,6 | 354,8 | 506,5 |
| Knitted fabrics | 50,4 | 65,5 | 84,8 | 144,5 |
| Silk and silk products | 30,9 | 49,9 | 71,8 | 74,9 |
| Cotton fabrics | 53,8 | 65,7 | 69,2 | 96,8 |
| Other textile products | 31,7 | 36,1 | 51,9 | 88,8 |
| Carpets | 34,4 | 31,0 | 32,0 | 29,2 |
| Cotton products | 24,7 | 26,8 | 27,4 | 30,9 |
| Others | 7,7 | 9,0 | 8,8 | 9,7 |

Source: Based on data from the State Statistics Committee of the Republic of Uzbekistan.

In terms of countries, we can see the growth dynamics of textile exports, first of all, the qualification of the Russian Federation in 2021 alone amounted to 542.8 million. US $ 655.5 million by 2023. Reached the U.S. dollar (Table 5).

**Table 5. Dynamics of textile exports by countries (million US dollars)**

| States | 2021 y. | 2022 y. | 2023 y. |
|---|---|---|---|
| Russian Federation | 542,8 | 592,3 | 655,5 |
| People's Republic of China | 326,7 | 437,6 | 438,2 |
| Kyrgyz Republic | 70,2 | 96,6 | 283,9 |
| Turkey | 119,8 | 196,7 | 206,1 |
| Poland | 22,3 | 25,3 | 43,4 |
| Kazakhstan | 39,2 | 39,7 | 42,3 |
| Tajikistan | 8,7 | 13,7 | 34,7 |
| Ukraine | 18,8 | 29,5 | 33,1 |
| Eron | 25,3 | 55,2 | 26,4 |
| Egypt | 3,2 | 12,1 | 18,2 |
| Republic of Belarus | 23,3 | 24,1 | 17,2 |
| Pakistan | 5,5 | 10,4 | 16,5 |
| Azerbaijan | 5,9 | 10,9 | 12,5 |
| Bangladesh | 19,2 | 12,3 | 10,7 |
| Other countries | 69,2 | 70,5 | 83,5 |

Source: Based on data from the State Statistics Committee of the Republic of Uzbekistan.

**Conclusion**

The study concluded the following:

1. The development of industries is directly related to the effective use of internal capacity of enterprises, the effectiveness of internal capacity is assessed by the level of physical and mental capacity of workers, the use of raw materials, financial resources and production technology.

2. In the context of structural changes in the economy, there are many opportunities for the effective use of internal factors in the development of industries. The development of family

business and home-based work in the silk industry, along with increased efficiency in the industry, will improve the labor relations in it and ensure the effective use of domestic opportunities of workers in the household.

3. The “circular motion model” of efficient use of internal capacity and increase of workers' interest in light industry enterprises shows that there are many internal opportunities that are not used by workers, the effective use of which ensures the rapid development of light industry.

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