



## Features Of Competitive Strategy Development In Textile Enterprises

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**Abstract:** The essence of response strategy and the conceptual foundation of its development, market viability and the primary determinants influencing it are studied in the article. Methodological issues of assessing the competitive potential of textile enterprises are covered. The main directions of competitive strategies of textile enterprises, as well as actionable suggestions on minimizing expenses via systematic resource management of resources in textile enterprises, have been developed.

**Keywords:** Direct industry, economic strategy, innovative management, export, effective management, cooperation in the renewal field, economic development, SWOT analysis.

**Introduction:** The textile industry is one of the pivotal segments of Uzbekistan's economic framework, and its development is important for increasing the country's export potential, creating employment opportunities, and bolstering economic resilience. President Shavkat Mirziyoyev's decisions and decrees in recent years are aimed at modernising this industry, increasing its market viability and strengthening its position on international platforms.

In particular, the decision No. PQ-4190 "On measures for the further development of the textile and sewing-knitting industry" adopted on February 21, 2019 calls for the formation of an innovative development strategy, the introduction of modern technologies and export co the tasks of significantly increasing the indicators have been defined. At the same time, the decree of January 12, 2022 "Strategy for rapid development of the textile and sewing-knitting industry of the Republic of Uzbekistan" is aimed at defining the priorities of the industry and expanding the production of products that meet international standards.

Based on these documents, it is an urgent issue to develop effective strategies to increase the market viability of textile enterprises. This article examines the main principles and features of developing a competitive strategy in textile enterprises and analyzes the practical results of reforms in this field in our country.

This process is important not only for providing the domestic market with quality products but also for gaining a strong competitive position in the international market. Therefore, the article describes in detail the actual aspects of developing a competitive strategy based on an innovative approach in textile enterprises.

Today, even though several legal and regulatory documents have been adopted by our government regarding the development of the textile industry of Uzbekistan, ensuring its market



viability, and increasing the export potential of the sector, challenges persist. It is impossible to ensure the fiscal and operational steadiness of enterprises without reconstruction, without equipping them with state-of-the-art technological advancements, and without renewing the types of products produced, in the present era, when the competition in the world market is becoming more and more intense.

In particular, adaptation of enterprises to market economy conditions, application of new technologies, training of highly qualified personnel, and export of products to the world market make it difficult to develop a science-based development strategy for a certain period.

In turn, it requires the creation of scientific and methodological bases for the development of such a strategy, a deeper analysis of the strengths and weaknesses of enterprises, and the preparation of specific practical proposals and recommendations for the effective use of existing opportunities.

Therefore, the development of a long-term development strategy for textile enterprises, which is one of the priorities of economic modernization and structural changes, remains one of the urgent problems of today.

**Literature review.** Scientific works that are the result of the research of many national and foreign authors are dedicated to the issues of researching the problems of increasing market viability in modern conditions. Among them, scientists such as YE.F. Avdokushin, IGBalabanov, ISZikin, AIKireyev, YE.F. Prokushev, VVSmirnov, PGShagalov, SG'ulomov, A. Rasulov, Y. Mirziyoyav, F. Okhnazarov, U. Ernazarov, F. Otakhonov his work is particularly noteworthy. However, in the conditions of economic liberalization, the issues of increasing the market viability of the textile industrial enterprises of Uzbekistan have not been sufficiently covered. The scientific research carried out in the article is important in illuminating this problem.

**Research methodology.** The methodology used in research is based on regulatory documents developed by our government on increasing the competitive potential of the textile industry and scientific research works aimed at the problems of management and development of the competitive potential of foreign and Uzbek scientists.

**Analysis and discussion of the results:** The prospective development of textile enterprises is understood as the understanding of the business development prospects by the management of the enterprise, as well as the development of rational management decisions by them and the organization of their effective implementation. Its implementation largely depends on the level of strategic thinking of the top management. In-depth mastering of the competitive position management methodology allows for the improvement of the qualities of strategic thinking and strategic vision of the head of the enterprise.

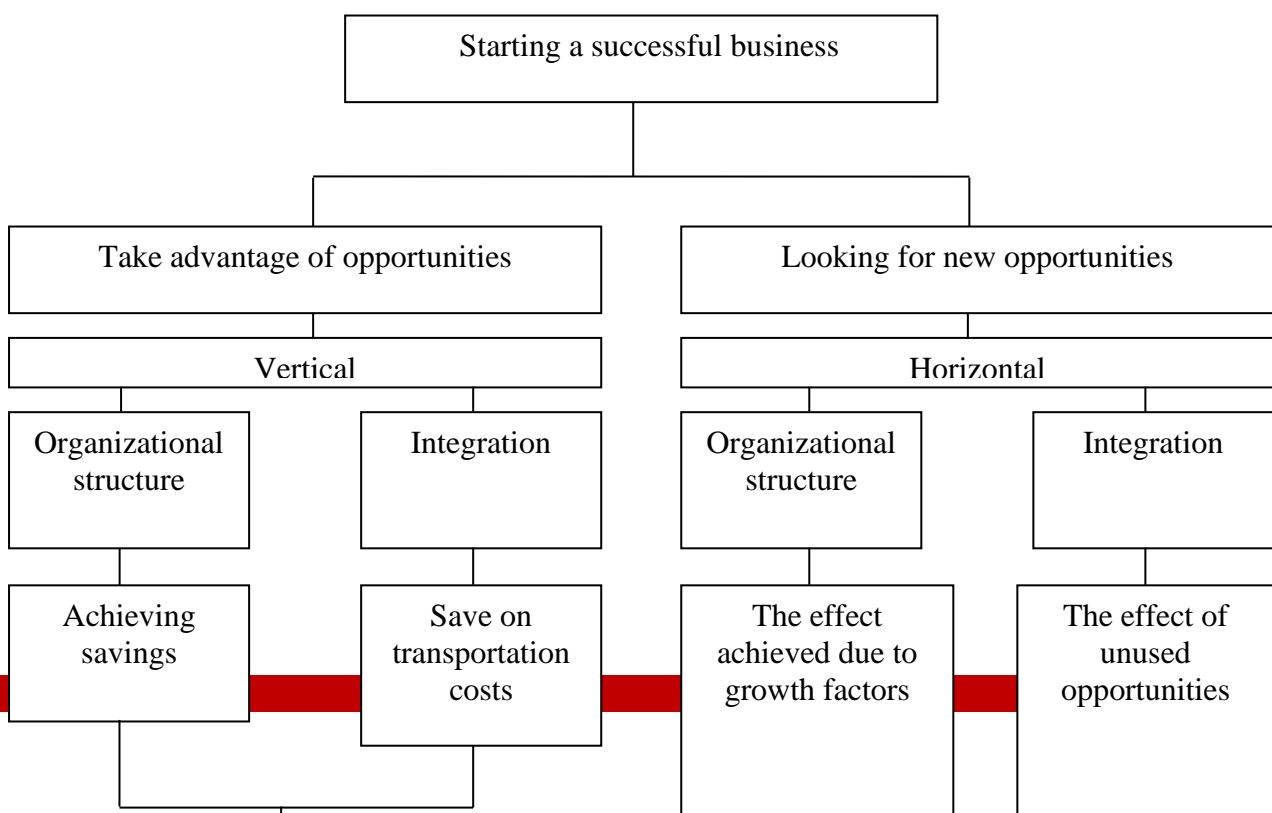
Approaches to the formation of a competitive strategy are presented in the literature on tactical governance. Thompson AA and Strickland AJ. in his opinion, while organizing the development of a competitive strategy, the management of the enterprise should be able to imagine, firstly, the unique aspects of the industry and the conditions of competition, and secondly, the competitive potential of the enterprise, its market position and opportunities. The state of the network and the conditions of competition in it depend on the stage of the life cycle in the network (emergence, rapid growth, peaking, fading), the structural structure of the network (dispersed or centralized), the nature and relative strength of the five competitive forces, and determined by the breadth of competitors' competition. If we look at the competitive potential, then, according to the

approach under consideration, the main and clarifying considerations for a given enterprise lead to the following:

1. What is the state of the enterprise: is it the leader in the industry, is it a newcomer to this market, is it following the leading enterprises, or is it trying to cover its costs in order not to break even?

2. What are the company's strengths and weaknesses, opportunities and threats it faces?

Based on the analysis of the situation in the network, the management of the company must determine the stage of the life cycle of the company and, based on this, develop a competitive strategy. The analysis of the textile production industry shows that this market is at the stage of maturity. It is characterized by the intensification of direct competition for market share, the non-concessions of consumers when negotiating the terms of delivery, and the intensification of international competition. In this case, according to Porter M., the management of the company should focus on optimizing the product nomenclature, improving production, reducing costs, and entering the international market while developing a competitive strategy. Taking into account the competitive potential of the enterprise and its opportunities during strategy development is also reflected in the works of Russian scientists. As tactical governance researcher Trenev NN noted, the problem of effective business formation includes the problem of effective research of existing opportunities as well as the problem of finding new opportunities. Admitting that the proposed grouping of opportunities is appropriate, we believe that the approach that leads to the organization of all the opportunities of the enterprise, their search and implementation is a single function of management. In addition, according to the proposed scheme of effective business formation, based on the use of opportunities means choosing a strategy of leadership in competition due to cost reduction, and based on the search for new opportunities means choosing a strategy of differentiation of goods and services.





### Figure 1 Effective business formation<sup>1</sup>

This means simplifying business practices. Effective use of opportunities leads to victory in price competition in certain conditions, but in many cases it creates an opportunity to improve the service, to give it new properties and features. In other words, taking advantage of opportunities can serve as a tool for implementing a diversification strategy. Conversely, seeking new opportunities can be envisioned in a low-cost leadership strategy. The analysis of the literature shows that most authors focus primarily on the content of the competitive strategy.

At the same time, in our opinion, the development of this business, and the competitive strategy to achieve it, should be formed at the stage of strategic foresight based on the extended system of strategic goals. Based on this, a conceptual model of tactical governance of the company's competitive position is proposed based on the formation of a strategic vision, strategic goal system and competitive strategy for the textile industry (Fig. 2).

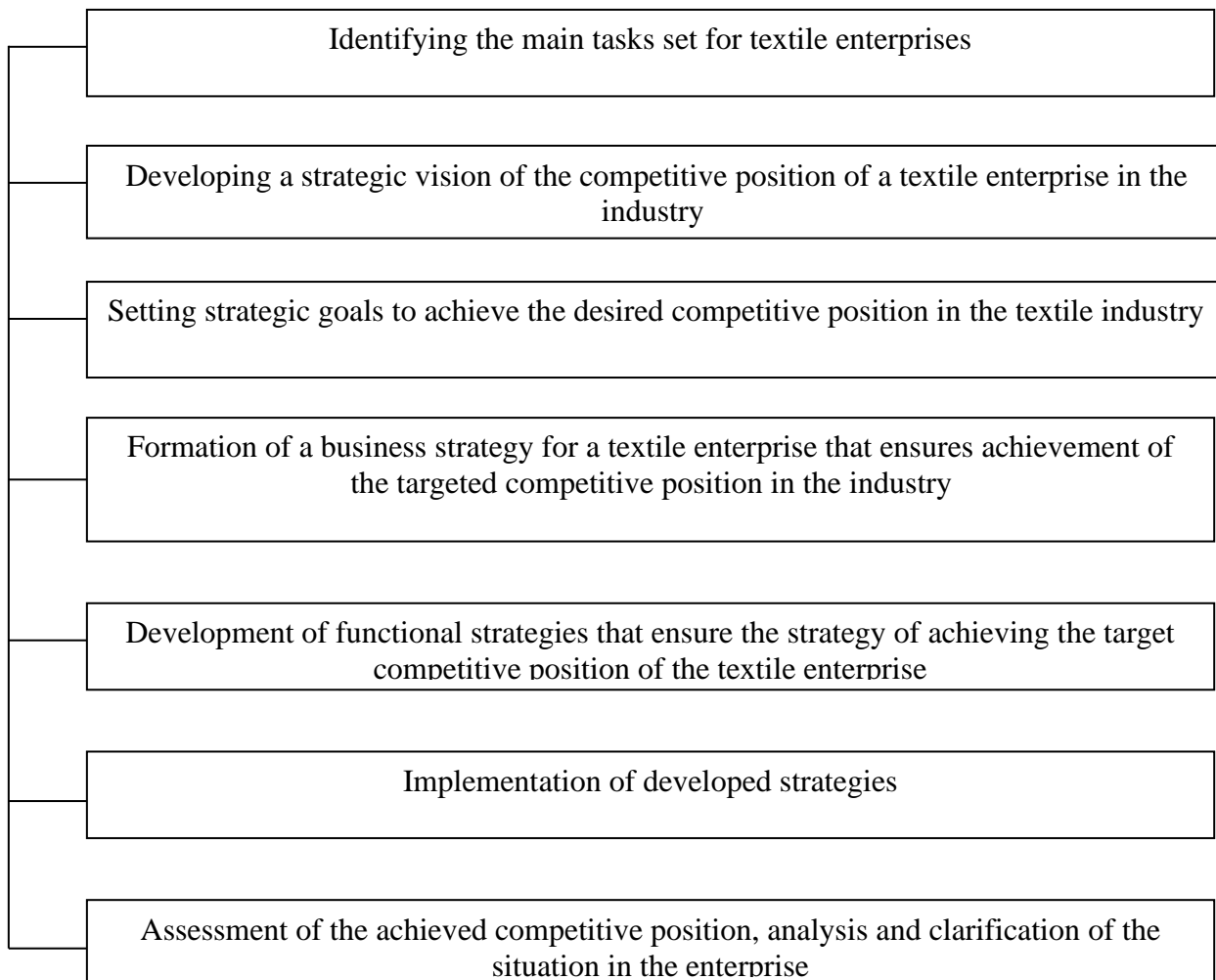
In our opinion, a systematic approach to tactical governance in the textile industry can be implemented through tactical governance of the company's competitive position in this business.

Based on the data of the analysis of the activities of the enterprises of the textile industry, we can describe the competitive position of the enterprise in the industry with the following system of indicators:

1. Achieved (or intended to achieve) strategic indicators: share in market control; quality of manufactured products; level of customer service; level of organization of the distribution and sales system; description of relationships with suppliers; state of use of resources; level of innovation implementation.
2. Achieved (or intended to achieve) financial indicators: sales volume, capitalization level, product profitability; and speed of capital turnover.
3. Owned (or intended to own) competitive advantages: advantage in experience, educational and knowledge capacity; superiority in resources; superiority in the position held.

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<sup>1</sup> Trenev NN Strategik menejment. Moscow: prior, 2002. 17-18-pages.



**2- Table. The competitive position of the textile enterprise in the network conceptual model of tactical governance**

**Source: Author development.**

The description of the competitive position can be supplemented with other indicators depending on the situation occurring in the network. According to the proposed approach, the

tactical governance of the competitive position begins with determining what those interested in the effective operation of the enterprise want to achieve in this industry (**Table 3**).

### 3 - The results that the enterprise has in mind for the interested parties in this business

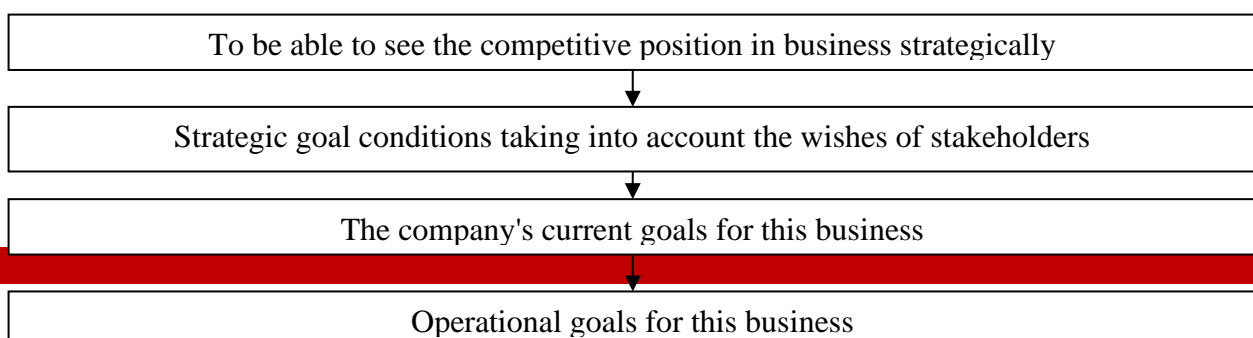
Stakeholders	Expected result
Owners (shareholders)	- the expected level of achieving shareholder value of the business in the textile industry - Expected income from business in the textile industry
Employees	- the level of required professional skills of employees employed at all levels of this business of the enterprise - the level of motivation that employees want
Consumers	satisfaction of the needs of the population of the textile network products at the desired level
Government organizations	Desired description of relations and cooperation between authorities and enterprises
Society	activities desired by society, by this business

Source: Author development.

Taking into account the wishes of stakeholders, the management of the enterprise should expand and reveal the system of goals. In this regard, the approach developed by the researcher Akoff R. is of particular importance. According to this approach, the final goals can be divided into three types :

1. Objectives with expected results during the plan period.
2. Goals that are difficult to achieve during the implementation of the plan, but which allow the organization to advance in the desired direction.
3. Prospective goals that are considered unattainable, but can be gradually approached.

Based on the set goal, it is possible to propose the following level of goals for textile enterprises according to the competitive position of the enterprise ( Table 4 ).



### Table 4. Hierarchy of enterprise objectives<sup>2</sup>

Strategic management of the competitive position means, first of all, the development of a strategic vision of the company's position in the network market.

In our opinion, the management of the enterprise should be able to imagine what position the business will take in the future (5-10 years). In this case, the enterprise must decide to what extent it should try to capture the market for itself, whether the enterprise can compete with its product on the entire market or on some of its segments. A company without a strategic vision does not know what market position it should try to achieve.

An intuitive, rational or combined approach can be used depending on the manager's management style, personal qualities, and level of culture in the strategic understanding of the company's position in the market. Intuition helps the management to imagine the business position of the enterprise in the future in conditions of high uncertainty, application of rational analysis, and conditions of limited opportunities. Intuition allows you to identify problems in time, summarize scattered information, and verify the results of analysis. The rational approach involves the development of the company's competitive position with the help of an analytical process that includes taking into account its potential opportunities in the network market, establishing criteria for successful activity in the network, identifying and evaluating alternatives, and forming the company's strategic goal in business.

Management needs to find a balance between strategic and financial goals. If the first group of goals is aimed at increasing market share, increasing product quality, switching to more popular products, improving customer service, and increasing prestige among consumers, then the second group of goals is aimed at increasing profitability, profit it is expressed in the increase of the growth rates, the increase of income for investments.

In the tactical governance of the competitive position, the goals represent the management's desire to achieve specific results within a certain period. When setting goals, management should take into account that they must meet the criteria recognized as SMART - descriptions.

In our opinion, the process of developing the company's strategic goals for a competitive position in the network can include three stages:

Stage I - Analysis of the internal and external environment of the business.

Stage II - Establishing strategic goal-oriented decisions regarding the company's competitive position in the network.

Stage III - Development of steps of strategic goals in terms of time and functional section.

SWOT analysis or SNW approach developed by M. Porter can be used as a tool for strategic analysis of the internal environment of the enterprise.

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<sup>2</sup> Akoff R. Akoff o menedjmente/ Per. s. angl. pod red. L.A.Volkovoy. SPb.: Piter, 2002. s. 154.



To ensure the market viability of textile enterprises, in the process of developing effective strategies, an comprehensive evaluation of the current situation and an assessment of the practical results of the selected approaches are important. Today, the textile industry of Uzbekistan is rapidly developing and achieving notable achievements in the international market. However, to ensure market viability, it is necessary to work on the following factors:

**Expansion of the export geography:** In 2022, Uzbekistan's textile products were exported to more than 70 countries, and in recent years, there has been a trend of entering new markets, particularly developed countries such as the European Union and the United States. The use of the "Generalized System of Preferences" (GSP+) system creates additional opportunities for enterprises.

**Increasing the added value of products:** In recent years, the level of processing of textile products has increased in Uzbekistan, and the share of finished products is approaching 70%. This enables the export of high-value products in the international market.

**Introduction of innovative technologies:** The leading textile enterprises of our country introduce modern technologies and adjust the quality of products to international standards. However, in most small and medium-sized enterprises, technological innovation is taking place at a slow pace.

**Diversification of competitive strategies:** Textile enterprises need to increase the types of products and services, taking into account the different requirements of the domestic and foreign markets. For example, increasing demand for products made from environmentally friendly and recycled materials is creating new opportunities in this segment.

**Introduction of innovative management methods:** It is necessary to use digital technologies and innovative management systems to accelerate technological updates and improve the skills of employees. In particular, the automation of production and the use of digital marketing strategies serve to increase market viability.

**State support and cooperation:** Within the framework of current reforms, it is possible to strengthen the market viability of small and medium enterprises by expanding tax incentives and subsidies.

**Conclusion:** The analyses studied during the article show that effective use of the opportunities created by the state, wide introduction of innovations and strengthening of international cooperation are urgent tasks in the successful development and implementation of the competitive strategy of textile enterprises.

At the same time, enterprises should increase their economic efficiency by correctly assessing their internal capabilities and choosing strategies that suit them.

In conclusion, it can be said that in the process of formation and improvement of competitive strategies in the textile industry of Uzbekistan, it is necessary to take into account global trends and adapt them to local conditions. This significantly contributes to the sustainable development of the national economy.

Uzbekistan is distinguished by its export potential and importance in providing employment. The decisions and decrees adopted by the state in recent years, including the decision PQ-4190 of 2019 and the Development Strategy for 2022-2026, serve as important documents aimed at ensuring the rapid development of this industry.





The results of this research show that the following main directions are important for increasing market viability in textile enterprises:

1. **Strategic planning:** It is necessary to develop effective competitive strategies based on a thorough analysis of trends in the local and international markets.
2. **Introduction of innovative technologies:** It is important to create added value by automating the production process and producing products that meet environmental standards.
3. **Expansion of international cooperation:** It is necessary to adapt the products of Uzbekistan to global competition by expanding the export geography and mastering new markets.
4. **State support:** The effective use of incentives and subsidies created by the state is of particular importance for small and medium-sized enterprises.

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