

Methodological Foundations of The Development Strategy of Innovation of Cotton-Textile Clusters

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Abstract. In this paper has been investigated methodological foundations of the development strategy of innovation of cotton-textile clusters. The scientific significance of the research results is explained by the possibility of using them in the implementation of special scientific studies dedicated to the formation and improvement of the innovation strategy of economic clusters in the Republic of Uzbekistan. The practical value of the research results is determined by the possibility of using the developed scientific proposals and practical recommendations in the development of a complex set of measures aimed at the innovative development of clusters in the textile industry in the republic.

Keywords: *textile, strategy, innovation, cotton-textile clusters, production chain.*

1. INTRODUCTION

The main directions of the future development of the textile industry in the countries of the world are the application of innovative technologies, the improvement of the competitiveness of the activities of local clusters, as well as the achievement of effective integration into the global added value chain. The main strategic direction of the TOP-10 countries, such as China, India, Turkey, Korea, Bangladesh, Vietnam and Indonesia, which has provided an advantage in the competition for the last 10 years and has a 75 percent share of world clothing, is the use of cluster strategies aimed at creating value for consumers.

The strategies aimed at getting out of the industrial crisis caused by the global COVID-19 pandemic are forcing most textile enterprises to work on consumer-oriented principles. Based on this, priority is given to conducting scientific research on the use of modern approaches to the organization of the market activity of textile clusters in the world. In the management of the activities of the textile cluster, the main attention is paid to the creation of innovative products, the systematic formation and development of the methodological foundations of the organization of innovative processes.

About 10,000 large and small enterprises, as well as more than 500 joint enterprises, are effectively operating in the textile industry in the republic. More than 100 textile clusters are being formed today. However, Uzbekistan's share in world textile and clothing exports is only 0.3 percent. Starting from 2017, a new system of innovative development of the textile industry was introduced in Uzbekistan as a strategy to ensure competitive advantage - the cluster method. However, the main goals of clustering are characteristic of the traditional model, which is aimed at modernization and diversification of production, effective development of the cotton raw material processing industry. Traditional models of clustering do not allow for efficient operation and innovative development in the global value chain. The participation of the textile cluster in the country in the global added value chain is to be ensured based on the development of the innovative development strategy of the clusters.

Decision PQ-4186 of the President of the Republic of Uzbekistan dated February 12, 2019 "On measures to further deepen the reform of the textile and sewing industry and expand its export potential" was adopted. With this decision, the "Concept for rapid development of the textile and sewing-knitting industry in 2019-2025" was approved. In the decision, implementation of measures to ensure the competitiveness of products in domestic and foreign markets, creation of a single chain of added value creation; By 2025, the export volume of textile products will reach 7 bln. Tasks such as delivery to US dollars are set. Effective performance of these tasks requires implementation of marketing activities of the textile cluster in accordance with modern concepts.

2. RESEARCH METHODS

Scientific abstraction, induction and deduction methods were used during the research.

3. FUNDAMENTAL AND PRACTICAL LITERATURE REVIEW

Research on the formation of industrial clusters is carried out by the world's leading higher education institutions, scientific centers and prestigious international financial and credit organizations, including North Carolina State University (USA, <https://www.ncsu.edu/>), University of Management and Technology (UMT). Lahore (Pakistan, <https://www.umt.edu.pk/>), Cluster Innovation Centre, University of Delhi (India, <https://ducic.ac.in/#>), Iowa State University (USA, <https://www.iastate.edu/>), IKED - International Organization for Knowledge Economy and Enterprise Development (<http://www.iked.org/>), American Marketing Association; AMA (USA, <https://www.ama.org/>), Asian Development Bank (<https://www.adb.org/>), World Trade Organization (WTO), World Bank, Organization for Economic Cooperation and Development (OECD, Organization for Economic Cooperation and Development), United Nations Conference on Trade and Development, International Monetary Fund, Scientific Research Financial Institute of Russia (NIFI), South Ural State University, etc.

As a result of scientific research carried out in the world, studies were conducted on the creation of innovative industrial groups and clusters, effective organization of their market activities, superiority of clusters in international competition and participation in the chain of added value creation. As a result of global research on the development and implementation of marketing strategy in industrial enterprises, including textile industry enterprises: the scientific and methodological basis of forming the marketing strategy of industrial clusters and its improvement has been researched (Florida Atlantic University, USA); it is based on the possibility of increasing competitiveness in textile industry enterprises by developing a marketing strategy (University of Management and Technology (UMT) Lahore); the importance of the marketing strategy aimed at bringing new products to the market and expanding activities in the markets is justified (Indian Institute of Management, India); it is based on the fact that it is possible to increase the export potential of enterprises by applying a marketing strategy in clusters (North Carolina State University, USA); consumer-oriented marketing concepts in the creation of added value of clusters are proposed (University of London, Great Britain); the feasibility of organizing the production of high-tech and scientific products by applying a marketing strategy in industrial enterprises, introducing new marketing services aimed at the development of industrial enterprises, and increasing the competitiveness of the national economy is based (Russian State University of Economics named after G.V. Plekhanova, Russia); the methodology of using marketing strategies in industrial enterprises is systematized (Tashkent State University of Economics, Uzbekistan); characteristics of formation and placement of industrial clusters were studied (Tashkent National University, Uzbekistan).

In the global textile industry, in particular, research is being conducted in the following priority areas on the management of the innovative activity of the formed clusters and the improvement of its scientific-theoretical and methodological foundations: increasing the production efficiency of industrial enterprises united in clusters, increasing the efficiency of enterprises in terms of quantity and quality by applying innovative management strategies; increase the export potential of enterprises due to improvement of innovation strategy; increasing international competitiveness through digital transformation of clusters; development of innovative activities based on the effective formation of the value creation chain in the organization of innovative activities of enterprises.

4. METHODOLOGICAL FOUNDATIONS OF THE DEVELOPMENT STRATEGY OF INNOVATION OF COTTON-TEXTILE CLUSTERS

The scientific-theoretical aspects of studying the competitiveness characteristics of clusters are the research direction of many foreign scientists. In this regard, Mboya J [1], Cline W [2], Doeringer P, Crean, S. Dickerson K. G. [3], Nordas H. K., Verma S. [4], Xiajun.A, Juyoung Lee [5], Dorothe ´ e H.[6], Mayukh D.[7] scientific works of others have become classic works. Despite the significant contribution of the mentioned researchers to the science of economics, they did not take into account the appropriate selection of innovative strategies for increasing the competitiveness of textile clusters, as well as the features of increasing the efficiency of using innovative activity strategies.

Scientists such as E.Evgenivech, A.Statsura [8], Yu.Filyukov [9], I.Prazyan [10], T.Fradina [11], S.Genova [12] conducted research in this regard in the countries of the Commonwealth of Independent States. In the scientific works of these scientists, scientific recommendations are given on the use of various methods of evaluating the competitiveness of textile clusters, as well as on the use of strategies for entering global markets and forming effective corporate structures. Systematic analyzes of increasing the efficiency of innovative activities of clusters and the problems of setting clear strategic directions have not been sufficiently researched in the mentioned works.

General aspects of increasing the efficiency of innovative activity of textile clusters in Uzbekistan and developing strategies I. Iskandarov, S.S. Gulomov, B. Yu. Khodiev, Yo. A. Abdullaev, A. Soliev, M. S. Kasimova, A. Sh.

Bekmurodov [13], M.R. Boltabaev [14], Z.D. Adilova and other scientists have shown in scientific research [15]. Despite the scope of scientific research carried out in this direction, fundamental studies aimed at studying the factors affecting the improvement of the efficiency of innovative activities of clusters in the local and global markets of current Uzbekistan, increasing their socio-economic efficiency through the use of targeted mechanisms, and obtaining high ratings of the textile industry in global innovation indices the lack of sufficient research led to the selection of the topic of this research work.

5. COTTON TEXTILE INDUSTRY: IMPORTANT STEPS TO INCREASE EXPORT POTENTIAL

The cotton and textile industry is one of the most important sectors of the domestic economy, acting as a driving force for regional development, the creation of production facilities in rural areas, employment, and an increase in export volumes. Therefore, at the initiative of the head of our state, the cotton and textile front was radically updated and a cluster system was introduced at a new stage of reforms.

It should be noted that this innovative method, combining agriculture and industry, quickly justified itself. As the production volumes of important industrial raw materials increased and their quality improved, complete processing of fiber was achieved within the country. At the same time, the main force was 134 clusters operating in the system of the Cotton and Textile Clusters Association of Uzbekistan. Currently, the clusters are actively engaged in the cultivation, harvesting, primary and deep processing of raw cotton, and the export of cotton.

Indeed, about 350 large plants were put into operation based on the cluster method. As a result, the degree of secondary processing of yarn was increased to 45 percent. In the near future, this figure is expected to reach 100 percent. Because the head of our state has set the task for clusters to export finished products with added value, not semi-finished products. The above-mentioned decree of the President will certainly serve as an important guide to action to achieve this goal.

Despite increased competition in the global textile market, the demand for Uzbek products is growing. The fact is that our products attract buyers with their naturalness, high quality and reasonable price. In 2022, textile and knitwear products worth 3 billion 229.2 million dollars were exported, the growth rate increased by 10.2 percent compared to the previous year.

It is gratifying that the share of finished products in exports was 41.5 percent. This means an increase of 44 percent compared to 2021. An important factor in achieving such a positive result was the increase in the number of exporting enterprises, the number of which has now reached 1,503.

Today, our textile products are mainly imported to the Commonwealth countries, Turkey and China, but the number of our partners will expand due to European countries. Because after the global boycott of Uzbek cotton was lifted, the countries of the "ancient continent", as well as international brands, having established trade and investment relations in this area, began to place their orders in Uzbekistan.

As the head of our state noted, cotton and textile clusters have become drivers in each region. Therefore, this year, the geography of exports is expected to expand and the volume of textile exports to \$5 billion is expected to increase. Benefits and preferences provided to cotton and textile clusters and their textile factories according to the decree of the President will become a stimulating factor in fulfilling foreign orders and increasing export volumes.

To overcome competition in global markets, foreign manufacturers are trying to reduce costs by producing mixed types of products. This gives the expected results. At the initiative of the President, further benefits are provided to support clusters and other manufacturing enterprises in such difficult conditions. The basis of this is the goal of increasing the production volume of finished textile products with high added value by 2.1 times and exports by 2.6 times in the next five years, in a word, to bring the cotton and textile industry to a new stage.

After all, this year alone, the level of occupancy of sewing and knitwear production is expected to increase from 65 to 81 percent, filling the bulk of the 35 thousand vacant jobs at the expense of representatives of the population included in the lists of social notebooks, and ultimately increasing the volume of exports by almost 2 times.

There are enough opportunities to conquer this milestone. The most important thing is that specific measures are being taken to fulfill the task. That is, cotton-textile clusters will attract 225.6 million dollars of investment, 331 large projects will be implemented. As a result, it is planned to create 32,100 new jobs.

The main goal of the head of our country in implementing cotton-textile clusters is to create a five-stage production chain for cotton processing and enter the world market with finished textile products. Therefore, in accordance with the resolution, financial support provided for the mobilization of existing opportunities and new reserves in the textile and clothing and knitwear industry will fill the work of the cluster in this area with new meaning and content.

The fact is that 200 million dollars are allocated for a period of 3 years at a rate of 4 percent per annum, including

a revolving loan, to provide exporting enterprises with working capital.

At the same time, commercial banks, based on their applications, open credit lines for projects in the production of fabrics, carpets, finished garments and knitwear, dyeing and finishing in the amount of 100 million US dollars for a period of 10 years with a three-year grace period at a rate of 4 percent per annum, for the rest of the period - at a rate of 5 percent per annum.

Moreover, considerable financial resources are allocated for financing pre-export and export trade operations based on the volume of exports carried out over the past 12 months, for a period of up to 3 years. Half of the costs of implementing financial reporting based on international standards will also be covered.

In accordance with the decree, the costs of participation of representatives of famous brands in exhibitions and fairs held annually in the republic will be covered by the Export Support Fund.

It is advisable for domestic producers to establish representative offices of at least three large foreign companies that will issue international certificates for the products of local enterprises.

Textile and sewing and knitwear enterprises are allowed to transfer funds abroad in the amount of up to 100 thousand dollars per year without separate decisions to create trading houses and stores abroad.

In 4 regions of our republic - Andijan, Namangan, Kashkadarya and Tashkent regions, small industrial zones specializing in textile production will be created. Their launch is planned before the end of this year. To this end, the Ministry of Energy, Regional Electric Networks, Khududgaztaminot, and Uzsvtaminot joint-stock companies have been tasked with ensuring the creation of communications in small industrial zones for the supply of electricity, natural gas, wastewater disposal, centralized water treatment facilities, and other infrastructure.

At the same time, small industrial zones specializing in textiles will be created on the basis of empty cotton terminals on the balance sheet of the former Uzpakhtasanoat JSC, and some buildings and structures will be used as warehouses for imported raw materials.

6. CONCLUSIONS

Cotton farms cooperating with clusters are also provided with benefits. In particular, no penalty will be applied for late payment of value-added tax accrued to farms for the 2022 harvest.

It is noteworthy that the Presidential decree touched upon the issue of a new approach to training personnel for the cotton and textile industry, the use of advanced foreign educational programs.

For example, from now on, training of specialists in sought-after professions (seamstress, cutter, spinner, mechanic) will be carried out in the dual education system. For this purpose, pilot projects for the introduction of foreign educational programs (Germany, Turkey) will be implemented in the Republic of Karakalpakstan, Khorezm and Namangan regions by April 1, 2023.

Starting from the 2023/2024 academic year, the Tashkent Institute of Textile and Light Industry, together with universities in Turkey, Germany and other countries, will develop and implement joint educational programs for the training of specialists in demand in the textile industry (engineers, technologists, designers, marketers).

An institute of modern innovative technologies will be created in the Andijan region in cooperation with the prestigious textile institute of Turkey. It is also planned to submit a corresponding draft resolution on the introduction of foreign educational programs to the Cabinet of Ministers by August 1, 2023.

In short, it is expected that on the basis of the new decree of the President, revolutionary changes will occur in the industry, artificial barriers and pitfalls that hinder the development of cotton-textile clusters will be eliminated. Clusters will become a real driver in fulfilling the tasks specified in the decree, industrialization of regions, ensuring employment of the population, reducing poverty, and most importantly - in the full development of deep processing of cotton fiber and increasing export potential.

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