

## Development of a Textile Cluster in the Republic of Uzbekistan

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### ABSTRACT

*The textile industry is a priority sector of the economy in the Republic of Uzbekistan due to its socio-economic importance. All over the world, the cluster is recognized as the optimal model and a prerequisite for the successful development of this industry. This article is devoted to the study of the problems of development of the textile cluster. The main problems hindering the effective development of the cluster are the problem of inter-industry and intra-industry interaction of its elements, the weak integration of cluster enterprises, and the lack of a single technological chain within the cluster. The presence of these problems does not allow to use the advantages of the cluster approach.*

**KEYWORDS:** *cluster, textile industry, functioning efficiency, cluster activation, intersectoral interaction, technological chain, cluster management.*

**Introduction.** The clustering of the national economy is a recognized and very effective tool for its development and increasing the country's competitiveness at the global level. And the formation of regional textile clusters has become widespread in foreign business practices.

Over the entire period of functioning of the Kazakh textile cluster, one can track its development, which is expressed in an increase in the number of enterprises in the cluster, development of infrastructure, creation of new business relations with domestic and foreign partners, and improvement of the cluster education management system. However, as some studies show, there is still a low return on the work of this cluster and the Kazakh textile industry does not show outstripping growth. In order to identify the causes of the current situation, we conducted a comprehensive analysis of the development of the Kazakh textile cluster.

It is advisable to analyze the functioning of the cluster according to the following four criteria.

1. "Cluster width" - the criterion implies a range of industries, firms, united by common technologies, goods, distribution channels, end consumers.

If we consider the composition of related industries included in this cluster, then it includes enterprises in cotton production, the chemical industry and infrastructure. Among the scientific institutions there is a research institute of cotton growing.

Nevertheless, today the number of cluster enterprises is too small and does not allow realizing the benefits of the cluster, when many competing firms combine to obtain a synergistic effect and in order to create a competitive advantage over other companies that are not included in the cluster. Similar foreign clusters include from several hundred to several thousand enterprises.

In addition, some important elements are missing from the Uzbek textile cluster. For example, there is no relationship with educational institutions, there is no system for the training and retraining of personnel, the introduction of breakthrough innovative projects. These structural elements are part of similar foreign clusters. It should be noted that there is still a rather narrow range of products manufactured by cluster enterprises. In addition, the cluster does not include sewing enterprises that

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produce clothing for the population.

Таким образом, по критерию «ширина кластера» можно отметить еще достаточно узкий диапазон узбекского текстильного кластера.

2. "Cluster depth" is the range of vertically integrated industries along the process chain.

World experience in the development of clothing and textile clusters demonstrates the fact that the presence of an integrated technological chain within a cluster is a necessary condition for its effectiveness. The technological chain of the clothing and textile industry combines three key sectors: the production of textile raw materials (cotton, wool, synthetic and artificial fibers), the textile sector (spinning, weaving and finishing production) and the clothing sector.

Based on the study, we came to the conclusion that in the Uzbek textile cluster there is no relationship between the links of this chain, most of the textile raw materials do not go through all the stages of processing within the cluster and in general in Uzbekistan, but are exported abroad at low cost. The Uzbekistan Textile Cluster does not currently include garment enterprises that produce clothing for end-users. Namely, they account for the largest share of consumption of clothing products. The textile sector is the weakest link in this technological chain, since the textile industry in Uzbekistan is at the stage of recovery and is currently unable to provide the garment sector with the necessary materials, either in terms of volume or assortment. Meanwhile, the development of the textile industry is of strategic importance, as it provides technological redistribution in the value chain.

With regard to regressive integration, that is, the relationship between textile production and the receipt of primary raw materials, there is also a weak interaction here. Most of what is produced in Uzbekistan is exported abroad and does not go through all stages of processing within the country.

Thus, according to this criterion, we can conclude that there is a problem of intersectoral interaction in the work of the cluster, which prevents the realization of the advantages of the cluster development model.

3. The "context of creating a cluster" represents the socio-economic significance of a given cluster. The creation of the Uzbek textile cluster pursued such goals as:

- activation of the entry of the Republic of Uzbekistan into international economic processes;
- development of the textile industry in the country;
- creation of new high-tech industries;
- development of the region and solution of social problems.

The listed goals are of great socio-economic significance, and this fact justifies all efforts to activate the Uzbek textile cluster.

4. "Cluster maturity", that is, the phase of its development. On the basis of our research, we can state that the development of the Kazakh textile cluster is in a phase of slow growth and at present the functioning of the cluster is inefficient and unable to achieve its goals.

Thus, there has been some progress over the years of functioning of the Uzbek textile cluster. Nevertheless, the effectiveness of its work is currently insignificant and it can be argued that the main goal of its creation has not yet been achieved.

The activation of the development of the Uzbek textile cluster is not possible without solving a number of interrelated problems, which are presented in Table 1.

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**Table 1. The relationship between existing problems and the performance of the textile cluster in the Republic of Uzbekistan**

<b>Problem</b>	<b>The essence of the problem</b>	<b>Impact result</b>
General economic problems	<ul style="list-style-type: none"> <li>- low investment attractiveness of the textile industry;</li> <li>- high production costs;</li> <li>- poor equipment of most enterprises with modern technologies;</li> <li>- lack of automated control systems in textile production;</li> <li>- underutilization of production capacities;</li> <li>- insufficient funding of scientific developments and a low degree of their introduction into production.</li> </ul>	<ul style="list-style-type: none"> <li>- high labor intensity of production;</li> <li>- low productivity and profitability of enterprises;</li> <li>- relatively low quality and competitiveness of products;</li> <li>- conservative assortment policy;</li> <li>- the impossibility of meeting the needs of the market neither in quality nor in assortment;</li> <li>- the lag of the domestic textile industry from world standards.</li> </ul>
Organizational problems	<ul style="list-style-type: none"> <li>- preferential management of the cluster "from top to bottom" and weak motivation of non-profit organizations of the cluster;</li> <li>- a common problem of intra-industry and inter-industry interaction;</li> <li>- weak consolidation between competing organizations of the cluster;</li> <li>- mass export of textile raw materials abroad;</li> <li>- undeveloped systems of supply and marketing, engineering;</li> <li>- extremely low number of cluster enterprises;</li> <li>- low degree of implementation of international experience in the work of the cluster;</li> <li>- production orientation of cluster enterprises.</li> </ul>	<ul style="list-style-type: none"> <li>- there is no uninterrupted supply of sewing production with the necessary raw materials and materials;</li> <li>- high cost of manufactured products, associated with the high cost of imported materials;</li> <li>- no synergy effect;</li> <li>- the impossibility of realizing the advantages of the cluster development model;</li> <li>- in general, the inefficient role of the cluster in the country's economy.</li> </ul>
Personnel problems	<ul style="list-style-type: none"> <li>- lack of a system of training and retraining of innovative personnel;</li> <li>- shortage of specialists meeting modern requirements;</li> <li>- weak opportunities to create favorable working conditions at the enterprises of the cluster;</li> <li>- the reluctance of young professionals to associate their labor activity with the textile industry due to its low prestige</li> <li>- low degree of cooperation with educational and scientific institutions.</li> </ul>	<ul style="list-style-type: none"> <li>- loss of qualified and promising employees;</li> <li>- low growth rates of labor productivity;</li> <li>- poor organization and management of the production process;</li> <li>- inflexible response to changing demand;</li> <li>- low competitiveness of products.</li> </ul>
Market problem	<ul style="list-style-type: none"> <li>- unequal conditions in the domestic market;</li> <li>- a high level of the shadow economy, mass imports of non-certified textile products at dumping prices;</li> </ul>	<ul style="list-style-type: none"> <li>- low competitiveness of products of cluster enterprises;</li> <li>- the difficulty of entering the local and global markets;</li> <li>- loss of competitive advantages of</li> </ul>

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	- the inability to compete with foreign manufacturers in terms of price and quality of products.	the textile cluster.
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### Conclusion.

Overcoming the above problems and improving the performance of the Uzbek textile cluster is impossible without fundamental changes. The need to intensify the work of the cluster is due to the socio-economic significance of the textile industry, as well as the synergistic and multiplicative effect of clustering production. There are objective opportunities for the development of this cluster, consisting in the availability of production potential for the development of the textile industry, the stable growth of the textile market, the possibility of applying the experience of developing foreign textile clusters and expanding business opportunities.

Our study showed that the main problem in the development of the Uzbek textile cluster is the weak inter-sectoral interaction of its enterprises, the isolated functioning of the links of the industrial technological chain, as well as the lack of effective vertical and horizontal links between the cluster enterprises and a wide range of related industries. Establishing strong relationships between the links of the technological chain is a prerequisite for increasing the efficiency of the development of the Uzbek textile cluster. Also, the basis for the activation of this cluster should be the development and implementation of a new organizational and economic mechanism based on strengthening the interest of the cluster subjects in interaction and the creation of a strategic partnership.

### List of used literature.

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