

## Evaluation of Factors of Competitiveness of Light Industries in Regions

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### Abstract

In this article, in order to evaluate the factors of competitiveness of light industries, a questionnaire was conducted among the enterprises that are members of the "Uztoqimachilik sanoat" association and the "Uzbekcharpoyabzali" association of textile, sewing-knitting and leather industry enterprises of Uzbekistan operating in the Zarafshan region. The questionnaire consisted of 37 questions representing factors grouped into 5 groups and 3 free questions.

**Keywords:** light industry, vertical control, what kind of tolerance, what kind of tolerance tools, foresight, mainstream.

### Introduction

Light industry is a multi-sector industrial complex, currently more than 2,000 enterprises, as well as more than 130 joint ventures in the fields of textile, spinning, sewing, knitting, footwear and silk industry are operating effectively [1]. Both preliminary processing of raw materials and production of finished products are carried out in light industry [3]. Cotton, silk, linen, hemp fibers, animal skin, wool, artificial fibers, artificial leather are used as raw materials in the network. Light industrial products are used in furniture, automotive, food and other industries, agriculture [4], transport, healthcare and other industries. Light industry is a stable producer, the largest employer complex, and the government is paying great attention to its development in order to turn the Republic of Uzbekistan into a regional light industry center. If it is one of the main directions of the Action Strategy for 2017-2021 and is designated as a flagship sector in the construction of New Uzbekistan [1], in the "Development Strategy of New Uzbekistan for 2022-2026" [2] the production volume of textile industry products will be doubled, leather-shoes. It is planned to increase the volume of production by 3 times through the development of the field. For this purpose, a survey was conducted among light industrial enterprises. In the questionnaire, the group "Factors of the structure of the light industry network in the region" - 10 questions, "Factors of production modernization" - 9 questions,



"Factors of scientific and innovative activity" - 6 questions, "Integration factors" - 5 questions, "Strategic management factors" group - combined 7 questions.

### Literature analysis:

Despite the measures taken by the government, Uzbekistan's performance in international rankings is still at a low level. For example, in the UN Competitive Industrial Performance Index (CIP)[12] in 2021, Uzbekistan took 87th place among 152 countries with an index of 0.018 (maximum 1.0). International Institute for Management Development (IMD)[13] 2022 A total of 63 countries were ranked, and Uzbekistan was not included in this ranking. At the global level, this situation of the country indicates that there are still unsolved problems in the assessment and management of the competitive advantages of networks and regions, which indicates that there are still untapped resources in increasing competitiveness.

M. According to Porter[6], the main unit of competition is a network, that is, a group of competitors who produce goods or provide services and compete directly with each other.

Toshpulatov, S.Sh Yusupov studied different types of influence on strategic competitiveness formation, competitiveness management strategy and competitive advantages.

Smoleychuk I. M. the network understands competitiveness factors as means and methods of using competitiveness reserves to turn opportunities into real competitive advantages[7]. A. A. Thompson and A. J. Strickland[8] suggest the following factors of competitiveness: product quality and features; position (image); production capacity; use of technology; dealer network and distribution capabilities; innovative opportunities; financial resources; costs relative to competitors; customer service. E. P. Golubkov[9] includes such factors as scientific research capacity, level of diversification, level of pre-sale preparation and level of after-sale service, the organization's policy in the external business environment, in addition to those mentioned above.

Zakirova V.N.[10] stated that the stable competitiveness of the network is mainly ensured by the integration and synergy of the mutual relations between the economic subjects of the network and sister enterprises.

### Research Methodology:

In order to evaluate the factors of competitiveness of light industries, a survey was conducted in Zarafshan region online and offline. More than 300 light industrial enterprises participated in the survey. Economic analysis, rationality, and grouping methods of scientific knowledge were used in the research.

### Analysis and Results:

The enterprises participating in the questionnaire were divided by regions and types of activity as follows:

Areas	Bukhara	Samarkand	Navoi	Total
Activities				
Textile products	74	48	11	133
Clothing production	43	73	14	130
Production of leather and related products	27	11	7	45
Total	144	132	32	308



Textile enterprises make up 43.2 percent of the enterprises participating in the survey, sewing enterprises make up 42.2 percent, leather and footwear - 14.6 percent. It should be noted that some enterprises carry out both textile and tailoring activities. In the survey, the number of participants was taken in proportion to the relatively small number of enterprises producing leather and related products. Managers and leading specialists of enterprises were involved in the questionnaire and it was conducted online and offline from January to October 2023.

The results of the questionnaire were analyzed by dividing them into colors according to the group of factors. The results of the analysis show that there is no significant difference between them by regions. In particular, in the group "Factors of the structure of the light industry network in the region", which provide competitive advantages of light industry in the regions, "Proportion of production volume and sales volume", "Reputation of network enterprises in the labor and raw material markets" are the leading factors of industry competitiveness in all regions (Table 1). While "availability and use of different product sales channels" was generally lower in importance, respondents from all regions reported high importance of "International Exhibitions" (3,943) and "Stock Exchanges" (3,652) in their product sales channels. However, enterprises pay little attention to "Dealers' system" and "Internet sales", being limited to the use of these channels. This is an important factor in ensuring the competitiveness of the industry [5].

Determining the pricing policy of light industrial enterprises for their products allows us to assess the level of price competitiveness of domestic production compared to foreign analogues. Although this factor ranks 13th in all regions, survey participants give priority to "Pricing policy based on ensuring profitability". Such a policy will certainly not ensure competitiveness in the future. Pricing on the basis of demand and supply indicates that the system of price coordination in relation to competitors is not formed, and the activities of branch enterprises are not oriented towards strategic development.

**Table 1 Factors of high competitiveness of light industries by regions**

№	Indicators	Bukhara		Samarkand		Navoi	
		Medium	Rank	Medium	Rank	Medium	Rank
<b>I</b>	Factors of light industry network structure in the region						
1.3.	Influence of network enterprises in labor and raw material markets	3,842	2	3,818	2	3,803	2
1.4.	Proportion of production volume and sales volume	3,892	1	3,909	1	3,894	1
1.5.	Availability and level of use of various channels of product sales	2,948	18	2,886	18	3,017	16
1.6.	To what extent is the pricing policy of light industrial enterprises for their products:	3,218	13	3,189	13	3,254	13
1.7.	Product quality level	3,747	5	3,727	4	3,765	3
1.9.	Investment attractiveness level of the network	3,608	8	3,576	8	3,621	7
<b>II</b>	Factors of production modernization						
2.1	Level of assimilation of new capabilities and technologies	3,778	4	3,727	5	3,75	4
2.2.	The level of modernity of the equipment	3,785	3	3,788	3	3,75	5

2.4	Level of energy efficiency and use of alternative energy	3,044	16	3,091	15	3,174	14
<b>III</b>	Factors of scientific and innovative activity						
3.5.	The degree of obtaining and using patents and licenses	3,108	15	2,909	17	2,697	25
<b>IV</b>	Integrative factors						
4.1	The level of strength of connections in the technological chain up to the production of the final product	3	17	2,939	16	3,008	17
4.3.	Opportunities to increase the base of raw materials to expand production	3,519	10	3,394	10	3,598	9
4.4	The existence of a system of scientific-technical, production, material-technical and commercial cooperation with other sectors abroad	3,335	11	3,273	11	3,394	11
<b>V</b>	Strategic management factors						
5.1.	Availability and effectiveness of strategic development programs	3,241	12	3,273	12	3,265	12
5.2.	Efficiency of investment programs	3,532	9	3,455	9	3,545	10
5.3.	Level of incentives created for foreign economic, investment, financial, integration activities	3,165	14	3,152	14	3,144	15
5.5	The level of willingness of enterprise leaders to take risks and changes	3,728	6	3,667	6	3,652	6
5.6.	The existence of an effective management structure of the enterprise	3,614	7	3,606	7	3,606	8
5.7.	Qualification level of employees	2,785	19	2,758	19	2,758	21

"The level of product quality" was rated very high, especially by the participants of Navoi and Samarkand regions, which indicates that enterprises pay great attention to quality. The high assessment of the "level of investment attractiveness of the network" is explained by the attention to the development of light industrial sectors in the country, and the benefits provided. In the group of "factors of modernization of production", the factors "level of modernity of equipment" and "level of assimilation of new capacities and techniques-technologies" are the priority aspects of ensuring the competitiveness of the industry. Indeed, in recent years, new enterprises of the light industrial sectors have been launched, clusters have been established, equipment of leading foreign companies in the field has been installed. Today, the production of ready-made products with different parameters on the basis of diversification using modern equipment and new techniques and technologies in the fields of textiles and tailoring undoubtedly serves to increase the competitiveness of the industry. However, according to the respondents, "The level of energy saving and use of alternative energy" is moderately evaluated, and the attention to it is still insufficient.

In the group "Factors of scientific and innovative activity", only one of the 6 factors included in the questionnaire, "The level of obtaining and using patents and licenses", was recognized by the participants of the questionnaire as a highly important factor. When analyzed by region, this factor is rated higher in Bukhara and Samarkand, while it ranks very low in Navoi.

In the "Integrative factors" group, the significance of the factors "Possibility to increase the raw material base for expanding production" and "Availability of a system of scientific-technical, production, material-technical and commercial cooperation with other enterprises abroad" is ranked 10th and 11th, respectively. Today, cotton fiber, the main raw material of the textile industry, is processed entirely in local enterprises. Clusters are being formed to

strengthen the integration of industry and agriculture. But at the same time, there are opportunities to increase the raw material base enough to grow other types of textile agricultural products for processing, to expand the processing of leather and wool products, which requires further strengthening of integration processes. Similarly, the ability to export finished products is also an important factor in the competitiveness of the industry. The export process makes it urgent for enterprises to develop foreign cooperation in various fields, including scientific and innovative production.

According to the "Strategic management factors" group, the factor "The level of readiness of enterprise managers to take risks and changes" was highly rated by the respondents. This indicates their leadership in the development of production, the introduction of innovations, the introduction of investments, and the highly rated "Effective Enterprise Management Structure" means that they are suitable for managing these strategic changes. The participants of the survey also highly evaluated "Effectiveness of investment programs" and "Availability and effectiveness of strategic development programs". In our opinion, this is the product of great creative work carried out within the framework of the regional development concepts until 2030, adopted by the initiatives and leadership of the President of our country. The fact that the program implementation mechanism is strengthened by a number of support measures serves as a basis for high evaluation of the factor "The level of incentives created for external economic, investment, financial, integration activities". There is no doubt that the above factors have created the basis for increasing the competitiveness of the industry.

The factor "Employee's skill level" is relatively low in all regions, and this attitude of the respondents is explained by insufficient personnel who have learned to work with advanced production techniques and technologies as a result of the modernization of enterprises. Highly qualified, creative personnel is one of the main factors ensuring competitiveness. Therefore, there is a need to raise integrated cooperation with higher and professional educational institutions in the regions to a new level.

Now, if we analyze the low-valued competitiveness factors, there is almost no difference in the coloring of the factors across regions (Table 2). Only "Import dependence level" and "Reasonable production cost structure" were rated well in Navoi region. But this does not prevent us from identifying a general trend.

**Table 2 Factors of low competitiveness of light industries by regions**

№	Indicators	Bukhara		Samarkand		Navoi	
		Medium	Rank	Medium	Medium	Rank	Medium
<b>I</b>	Factors of the light industry network structure in the region:						
1.1.	The level of use of light industrial products in different sectors	2,487	29	2,455	29	2,477	30
1.2.	Level of infrastructure development	2,677	24	2,636	21	2,697	25
1.8.	The level of diversity of the product range offered	2,424	31	2,455	30	2,591	28
1.10.	Import dependence level	2,57	27	2,576	26	2,803	18
<b>II</b>	Factors of production modernization						
2.3.	Reasonable production cost structure	2,639	26	2,636	23	2,803	19
2.5.	Digitization rate	2,285	33	2,242	33	2,318	33

2.6.	Financial capabilities of enterprises	2,525	28	2,576	27	2,53	29
2.7.	Compared to foreign analogues in terms of parameters and price	2,728	21	2,606	24	2,697	26
2.8.	Level of diversification	2,443	30	2,333	31	2,417	31
2.9.	Ownership of own brand	1,804	37	1,727	37	2,098	36
<b>III</b>	Factors of scientific and innovative activity						
3.1.	Availability and effectiveness of scientific and innovative structure	1,848	36	1,758	36	1,886	37
3.2.	The level of development of new products and technologies	2,342	32	2,333	32	2,333	32
3.3.	Determination of consumer priorities and conquest of new markets based on foresight and mainstream	2,146	35	2,152	35	2,136	35
3.4.	Level of design of customized products	2,209	34	2,182	34	2,22	34
3.6.	The level of research in the field of environmental protection and ecological system	2,684	23	2,576	28	2,712	23
<b>IV</b>	Integrative factors						
4.2.	Proportion of production capacities in the technological chain	2,772	20	2,667	20	2,727	22
4.5.	Reliability of raw material supply	2,728	22	2,606	25	2,773	20
<b>V</b>	Strategic management factors						
5.4.	Quality and efficiency of management of network enterprises	2,671	25	2,636	22	2,598	27

According to the group "Factors of the structure of the light industrial network in the region", the factor that received the lowest rating is "The level of diversity of the offered product range". In our opinion, this assessment of the respondents shows that today, despite the modernization, despite the measures to support the development of the industry, the activities of the enterprises are mainly aimed at increasing the volumes of raw materials processing. In the first years of the development of the network, the main emphasis was placed on achieving complete processing of cotton raw materials grown in the republic. This goal has been achieved. At the next stage of development, if the diversity of the finished product is not increased based on the expansion of its parameters, it is impossible to remain competitive, to achieve the regionalization of the added value in the technological chain. In this regard, the factor "The level of use of light industrial products in various sectors" is also evaluated at a low level. One of the directions of expanding the product range is the production of finished products as raw materials of other sectors (for example, furniture industry, automobile industry, etc.). The potential of the network to increase this competitiveness is not yet fully exploited.

The level of import dependence of light industries is still high (except for Navoi region). This is due to the fact that some additional materials used in production (paint, artificial fiber, chemical elements, etc.) are imported, and their localization is slow.

As the most overlooked factor in the group "Factors of modernization of production", the respondents indicated the slowness of work on having its own brand of production. The next row is occupied by the low level of digitization. In our opinion, the reason for this is that while automation and robotization of production processes are being observed in many enterprises, the digitization of management processes is being allowed to lag. At the same time, leather production processes are still mostly done by hand. The low level of diversification is partly explained by the low coverage of import-dependent production processes in the value chain, except for the textile sector.

The participants of the survey assessed the factors "Financial capabilities of enterprises", "Reasonable production cost structure" and "The situation compared to foreign analogues in terms of parameters and prices" as having a negative effect on increasing the competitiveness of the industry. Reasonable production costs allow you to achieve a competitive advantage in terms of price. In Uzbekistan, it is necessary to strengthen the advantage in terms of cheapness of labor and raw material resources with optimization of energy and other costs. Then, in addition to improving the parameters, there are opportunities to gain price advantages over foreign analogues and achieve financial stability.

According to the group "Scientific-innovative activity factors" factor "Availability and efficiency of scientific-innovative structure", by the respondents, regardless of the number of patents and licenses received, regardless of the number of patents and licenses obtained, the scientists of scientific-research institutes, higher education institutions, regardless of the number of scientific-research institutes very underrated. The reason for this is the lack of a scientific and innovative structure even in large enterprises and clusters. In today's transition to an innovative economy, the activity of the local structure that generates new ideas is an important factor in ensuring competitiveness. Otherwise, we will have to buy innovations from abroad.

Factors "Determining consumer priorities and conquering new markets based on foresight and mainstream" and "Level of designing customized (custom) products" were also evaluated at an almost non-existent level. Establishing the production of ready-made products based on technological "foresight" and technological "mainstream", especially in sewing and footwear production, with environmentally friendly, safety features, as well as adapted wide parameters, and their release to the world market are the main directions of ensuring competitiveness. In this way, it is possible to raise the "level of development of new products and technologies". "The level of research in the field of environmental protection and ecological system" was rated much lower in Bukhara and Samarkand regions than in Navoi. In our opinion, the high level of air pollution in the Navoi region affects the activity of light industries.

In the questionnaire, in the group of "Integration factors", the factors "Reliability of supply of raw materials" and "Proportion of production capacities in the technological chain" were rated low. Such a level of these factors that determine the future of network development, The decrease in the production of cotton raw materials for the textile industry can be explained by the lack of cooperation mechanisms with suppliers of raw materials in the production of leather products.

According to the "Strategic management factors" group, the respondents rated only the "Quality and efficiency of management of network enterprises" factor as unsatisfactory. In our opinion, although great work is being done by associations and regional governments within the framework of strategies and programs for the development of industries, it shows that targeted management activities to increase their competitiveness are not being carried out sufficiently.

Finally, although the state of quality and efficiency of the management of network enterprises is estimated to be lower in the garment industry, in our opinion, it is necessary to improve the strategy of managing the competitiveness of the entire network from a scientific and innovative point of view.



The responses recorded by the respondents to the open-ended questions in the survey are summarized in Table 3.

**Table 3 Respondents' suggestions on increasing the competitiveness of light industries**

Questions	Textile	Sewing	Leather products and shoes
In your opinion, what other factors affect the competitiveness of the light industry sector?	Increase the level of knowledge and science	Product quality improvement	Create your own brand
	New product development design	Introducing your brand to the world	Qualified personnel
	Improving management	Product design	Improving the supply of raw materials
In your opinion, what are the obstacles and problems to increase the competitiveness of the light industry sector?	Import of some materials	There are no export benefits	Purchase of raw materials from abroad
	Lack of qualified personnel, employee turnover	Non-availability of necessary raw materials in Uzbekistan	The height of the price of utility bills
	The cost of raw materials	Energy supply is not stable	High interest rates
Your proposal to increase the competitiveness of the light industry network	Personnel training, infrastructure development, raw material supply quota	Support from the state on the basis of the program, giving incentives for export, increasing the quality and type of fabric, improving energy supply	Exemption from value added tax on imported raw materials, improvement of supply of raw materials, creation of ample opportunities for export

It seems that these proposals are consistent with the comments on the analysis of the survey results presented by us above.

### Conclusions and Suggestions:

The light industry of Uzbekistan is a stable producer, the largest employer complex, a type of activity with a bright export future, and is a driver of regional economic development. Its share in the GDP is expected to increase from 7.04% in 2015 to 9.09% in 2021, i.e. 2.05% change in GDP structure in favor of light industry[11]. For this purpose, a questionnaire was conducted among 308 enterprises that are members of the "Uztoqimaliksanoat" association and the "Uzbekcharm-poyabzali" association of textile and sewing-knitting enterprises of Uzbekistan operating in Bukhara, Navoi and Samarkand regions. Based on the questionnaire, the following general conclusion was made.

- In our opinion, it is necessary to improve the level of targeted management activities by associations and regional governments to increase their competitiveness in the development of light industrial sectors.
- The factor "Availability and efficiency of the scientific and innovative structure" was rated very low by the respondents. The reason for this is the lack of a scientific and innovative structure even in large enterprises and clusters. In today's transition to an innovative economy, the activity of the local structure that generates new ideas is an important factor in ensuring competitiveness. Otherwise, we will have to buy innovations from abroad.
- The factor of owning a brand is also rated low, indicating that there is still a lot of work to be done.



- The level of import dependence of light industrial sectors remains high, the high level of this factor depends on the import of foreign materials (paint, artificial fiber, chemical elements, etc.), and their localization is still slow.

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