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Innovative Strategy for Managing Financial Resources in The Textile Industry Enterprises

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Abstract: This study examines innovative financial resource management strategies in textile industry enterprises, addressing a critical gap in optimizing financial efficiency amid increasing global competition. While previous research has explored general financial management, limited attention has been given to integrating innovative methods specific to textile enterprises. Using a mixed-methods approach, this study analyzes financial management practices, tax policies, and investment incentives through case studies and statistical analysis. The findings reveal that adopting subsidized financial instruments, tax deferment policies, and export-oriented financial strategies significantly enhance enterprise profitability and international competitiveness. The results suggest that targeted financial interventions can foster sustainable growth in the textile sector, providing a framework for policymakers and industry leaders to enhance financial resilience and economic contributions.

Keywords: textile products, export potential, financial management, export, innovative methods

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1. Introduction

Currently, the importance of the light industry as an aspect of industrial development at the global level highlights the need for scientific research focused on financial management in textile companies. To ensure sustainable production growth and create new jobs, it is necessary to continue developing the textile industry through expanding product output, modernizing technological processes, increasing export activity, improving workforce training, and optimizing the use of local resources. These issues are being studied in line with the main directions of scientific research in this field.

Currently, Uzbekistan is actively working to create favorable working conditions and stimulate entrepreneurship. The main goals of the current stage of industrialization are to achieve full processing of cotton in the textile industry and to meet the high demand for quality goods. The "Uzbekistan-2030" strategy also focuses on fiber recycling, improving product quality, and plans to organize the production of 400,000 tons of synthetic and blended textiles. Financial resources for textile enterprises have been studied in the works of foreign scholars such as J. Brigham, L. Gapenko, M. Porter, J. Sallet, E. Paisley, J. Beckes, P.

Martin, and T. Meyer.[1]

From the Commonwealth of Independent States, researchers such as L. Savchenko, N. Kondratieva, A. Asaul, L. Badalov, S. Driuing, N. Volkova, Yu. Lavrikova, S. Pyatinkin, T. Bykova, and T. Sakhno conducted studies on organizational forms of effective production and financial management in textile enterprises.

The theoretical, methodological, and organizational issues of managing financial resources in industrial enterprises of Uzbekistan have been studied in the works of A. Bekmuradov, N. Yuldoshev, M. Boltabayev, A. Mahmudov, R. Yuldashev, Zh. Zainalov, A. Temirov, Sh. Madjidov, D. Mirzakhilov, D. Kurbanova, and several other scholars. [2] However, these studies did not consider the provision of proportionality of production capacities and the improvement of the financial resource management mechanism in textile industry enterprises. These factors confirm the importance of this research, which aims to enhance the management of financial resources in Uzbekistan's textile enterprises through the improvement of their formation and management mechanisms.

The aim of the research is to develop a scientific proposal and practical recommendations aimed at improving the management of financial resources in textile industry enterprises. To achieve this goal, the following tasks have been set:

- Research of the scientific and theoretical foundations of the financial resource management mechanism in the textile industry;
- Analysis of the effectiveness of financial resource management mechanisms in the textile industry and formation of scientific conclusions;
- Identify opportunities for utilizing best practices in financial resource management from developed countries' textile industries in Uzbekistan's economy;
- Development of scientific and practical recommendations aimed at the development of the textile industry, increasing export potential, and enhancing export support;
- Development of scientific and methodological proposals and practical recommendations for improving the competitiveness of textile industry products and implementing innovative methods.

The subject of the research is the set of financial resources of textile industry enterprises in the Republic of Uzbekistan.[3] The focus of the research is the economic relations arising in the process of managing the financial resources of textile industry enterprises.

The scientific novelty of the research lies in the following:

- The proposal aims to stimulate deep processing in textile and garment enterprises by effectively utilizing the existing raw material base through subsidizing the cost of new equipment purchased for these projects, as established by the textile industry support fund for enterprises that have implemented projects for the production of dyed fabric and blended dyed gauze based on it;
- Based on the proposal to grant enterprises that exported a significant portion of textile industry products the right to defer property tax payments for legal entities for up to three years and to pay tax arrears and accrued interest in installments for a period equal to the delay period after the end of the delay;
- A 5% fee collected from the export of cotton yarn is proposed to fund the implementation of international standards in the textile and garment industries, as well as the certification of finished products based on the needs of external markets, using funds allocated to the "Uzbek Textile Industry" association; [4]
- To finance trade operations related to the export of textile industry products, based on the export volume over the past 12 months, the proposal to allocate financial resources from the export support fund is justified..

2. Materials and Methods

This study employs a comprehensive methodological approach to analyze the financial resource management mechanisms in textile industry enterprises, integrating both qualitative and quantitative techniques. The research is based on an extensive review of existing literature, policy documents, and industry reports to establish the theoretical foundation for financial management in the textile sector. Data collection includes an analysis of financial policies, investment strategies, and tax incentives applied in Uzbekistan's textile enterprises, with a comparative assessment of international best practices. The study utilizes statistical data from national and international sources to examine trends in textile production, export dynamics, and financial resource allocation, focusing on the impact of innovative financial strategies on business performance. Case studies of leading textile enterprises provide insights into the effectiveness of specific financial mechanisms, including state subsidies, tax

relief programs, and funding support for export activities. Primary data is obtained through expert interviews and financial reports, enabling a detailed examination of practical financial management challenges and opportunities in the textile industry.[5] The collected data is analyzed using comparative and statistical methods to identify key patterns and relationships between financial strategies and enterprise growth. This methodological framework ensures a holistic understanding of financial resource management, facilitating the development of evidence-based recommendations for improving financial efficiency in textile enterprises.[6] The findings contribute to the advancement of financial management practices by integrating innovation-driven strategies tailored to the needs of the textile industry, supporting long-term sustainability and competitive positioning in the global market.

3. Results and Discussions

Financial resource management of an enterprise is a system of principles and methods for developing and implementing management decisions related to ensuring the efficiency of the processes of formation, distribution, and utilization of financial resources.

Managing a company's financial resources, regardless of ownership type, is one of the most important tasks it faces. State financial resources are funds allocated for fulfilling government tasks. Enterprise financial resources consist of equity and borrowed funds (Fig. 1).[7]

Economic development of the state requires market reforms and overcoming crisis economic trends, fully utilizing theoretical results and practical experience in managing financial resources.

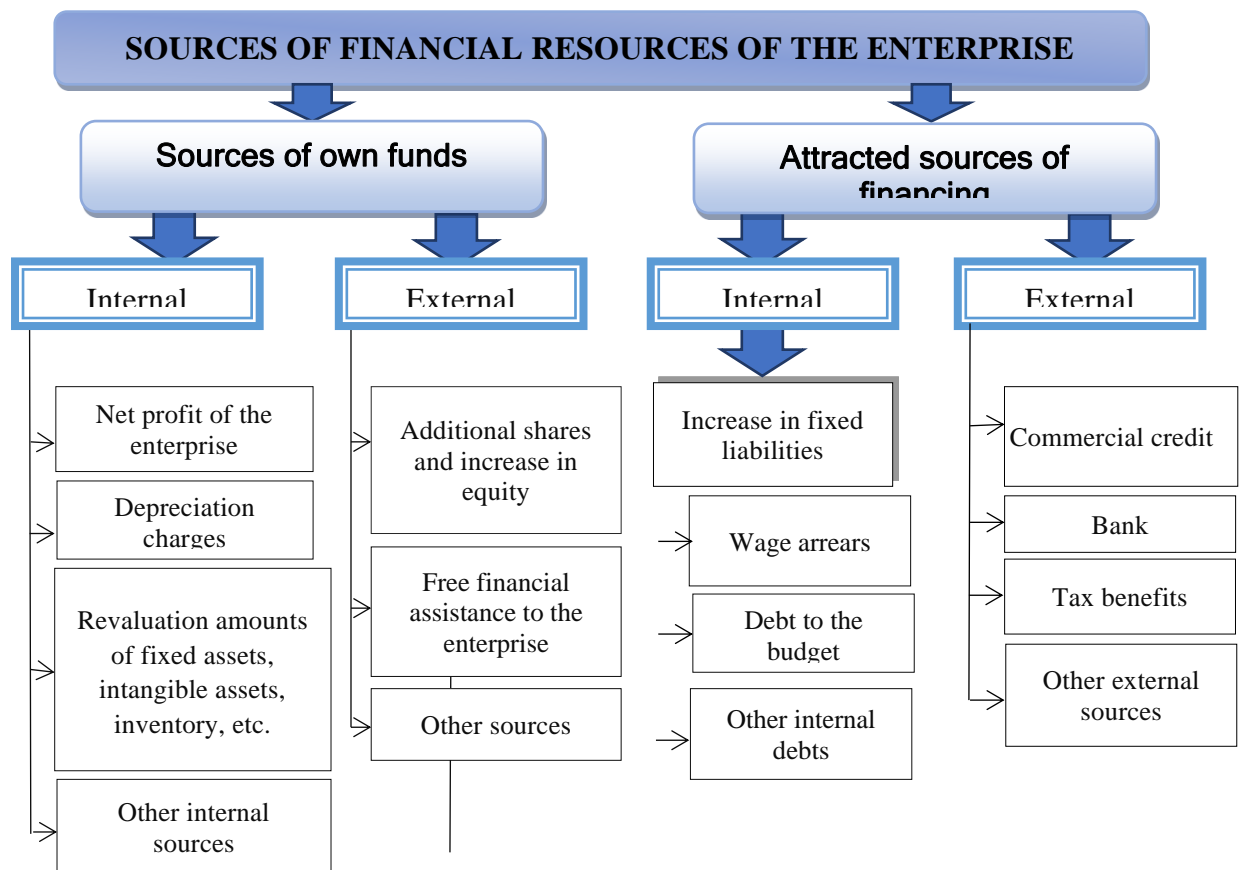


Figure 1. Sources of financial resources of the enterprise

Financial resources are the total amount of cash and financial assets available to an economic entity.

The financial resources of an enterprise represent the total amount of equity and borrowed capital used by the enterprise to generate profit.

The formation, distribution, and effective use of financial resources, the development and implementation of management decisions related to the organization of cash flow, and

the improvement of the system of principles and methods are integral parts of economic reforms.[8]

It is necessary to highlight a number of main sources that constitute the financial resources of the enterprise: profit, working capital, depreciation charges, budget funds, income from targeted funds, income from centralized corporate funds, loans.

Sources of financial resources of the society are divided into two groups:

- own funds
- borrowed funds

The company's own funds include profit, depreciation, fixed assets, intangible assets, revaluation amounts of inventories, shares and equity capital funds, gratuitous financial assistance provided to the enterprise, etc.

The company's borrowed funds include wage arrears, budget debts, tax benefits, goods, bank loans, and other sources.[9]

To ensure the effective operation of the enterprise's financial resource management mechanism, it is advisable to wisely use modern financial resource management methodology. Rational use of the enterprise's financial resources is based on the fundamental principles of general management. The management of the company's financial resources is carried out based on the following principles: economic efficiency, focus on strategic development goals, flexibility, alternatives, and optimization of key financial indicators (Fig. 2).

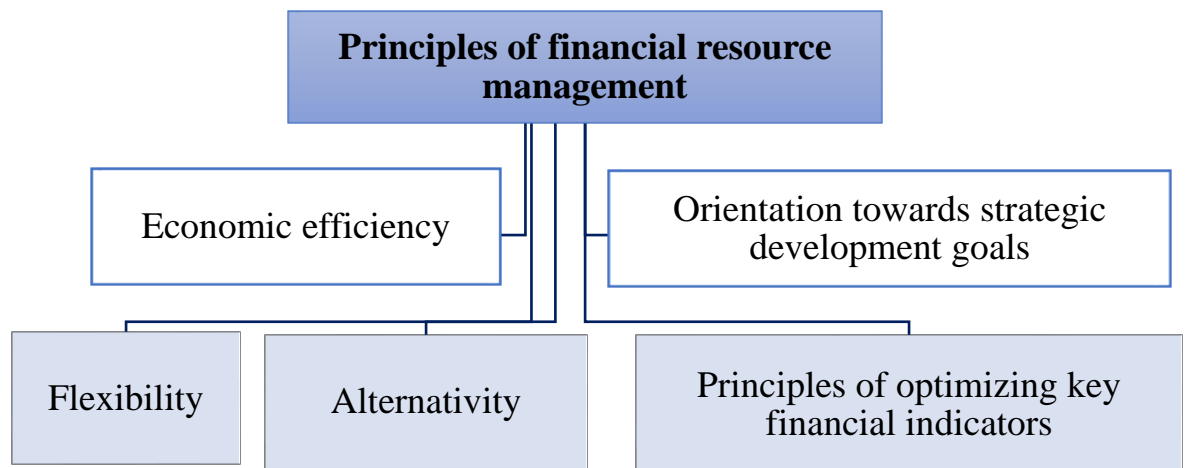


Figure 2. Key Principles of Financial Resource Management

Financial resources are implemented in the activities of enterprises through management functions such as planning, organizing, calculation, control, analysis, and promotion. Any enterprise manages financial resources during its operations based on certain functions (Fig. 3).[10]

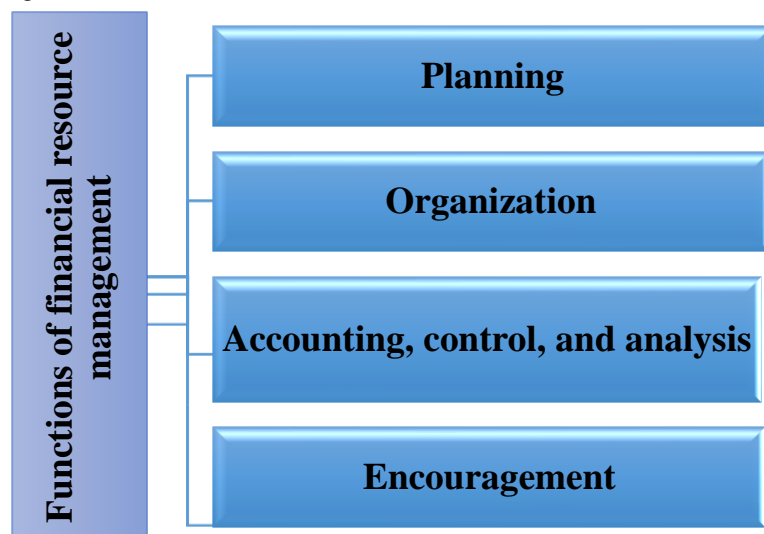


Figure 3. Financial resource management functions.

The financial resource management mechanism is a set of forms of financial relations, financial methods and financial instruments that ensure the formation and use of enterprise funds. In our opinion, the financial resources management mechanism of a company is a set of basic elements that influence the process of developing and implementing management decisions in the field of their formation, distribution and use (Fig. 4).

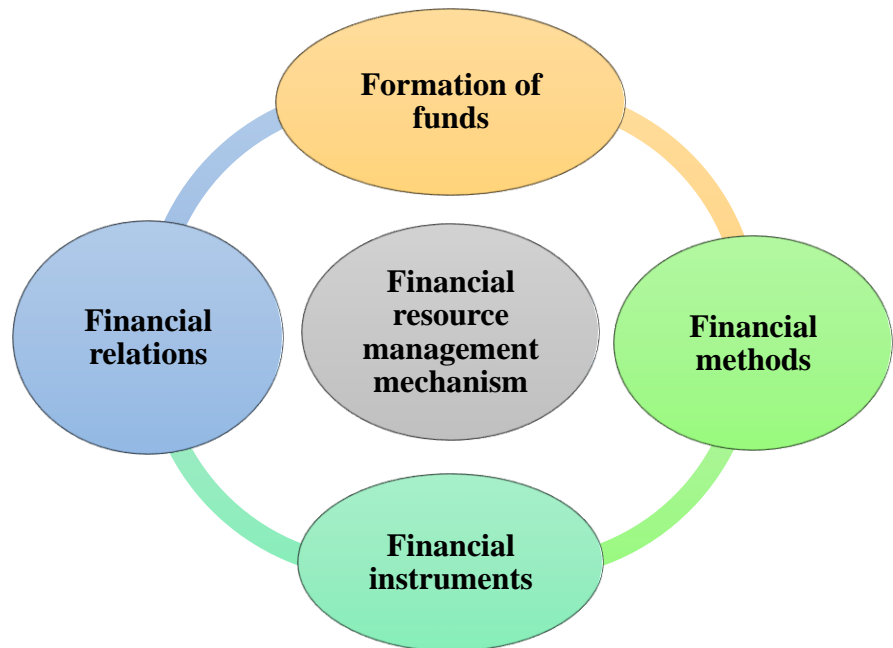


Figure 4. Financial resource management mechanism.

The organization of a financial resource management mechanism is understood as a system for implementing measures aimed at the rational use of labor and means of production. Financial methods, which are part of the financial resource management mechanism, are methods of activity carried out by entities involved in financial relations.[11] Financial methods include: financial planning, financial accounting, financial analysis, regulation, and financial control. Financial instruments are a form of interaction established by law, they are the legal basis for financial obligations, financial assets and financial savings in the management of enterprises. They are divided into two groups, namely: primary financial instruments (financial contracts, securities, bank accounts, loan agreements) and additional financial instruments (equipment, machine tools, technologies, etc.).

In 2018-2022, there was a significant increase in the production of the textile industry in the total volume of industrial production. In 2018, textile products accounted for 13.1% of total industrial production, and in 2022 this figure was 13.8% and increased by 0.7% (Figure 5). In 2019-2022, there has been a decline in the share of textile production due to the global pandemic. Among other things, this led to a decrease in the rate of clothing production. [12] The statistics show that although the share of clothing in total industrial output has decreased, clothing production increased by 118.7% in 2021 and by 105.5% in 2022.

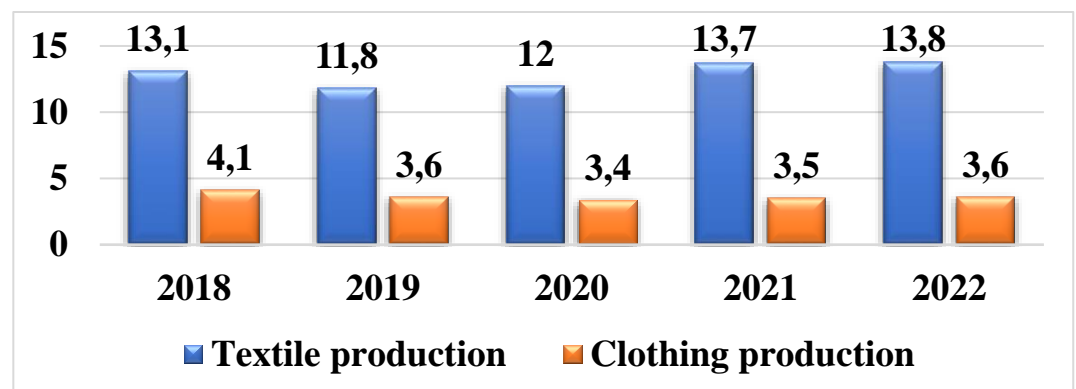


Figure 5. Contribution of the textile industry to total industrial production in 2018-2022.

In 2022, the volume of production by large enterprises increased significantly, in the Andijan region, which occupies a leading position in the textile and clothing industry in our republic, the production of textile products increased by 9.5%, and the production of clothing by 26.3% in the Tashkent region. 9.4%, in the Ferghana region 15.6%. The regions producing the least textile products include the Republic of Karakalpakstan (3.8%), Syrdarya (2.3%) and Navoi (2.9%) regions (Fig.6).

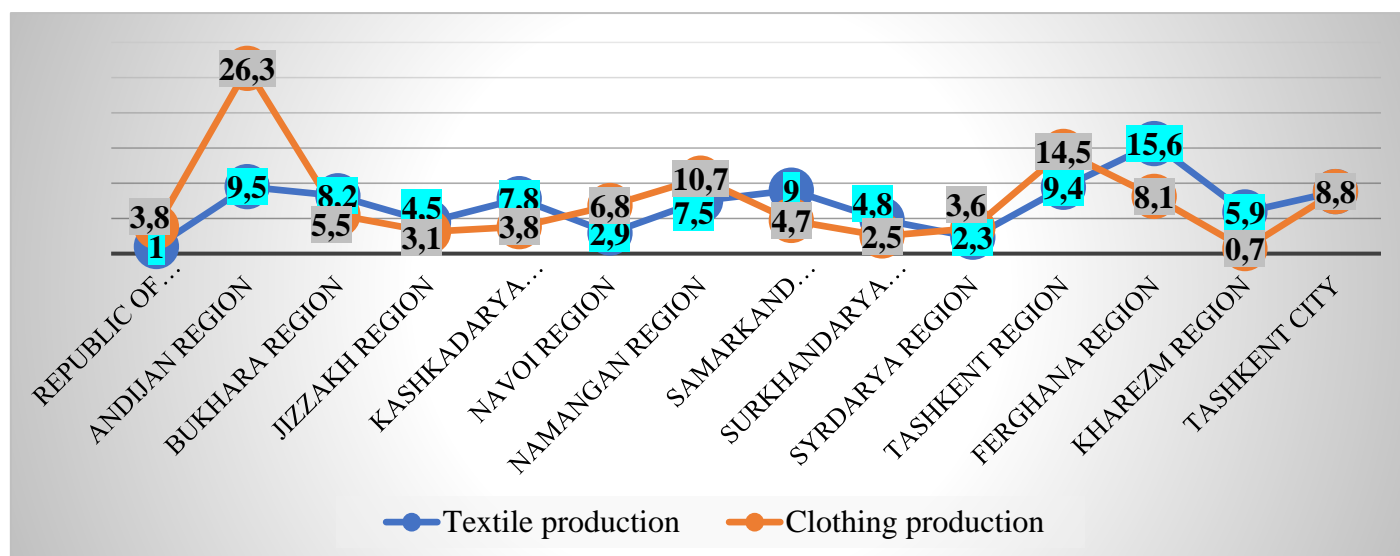


Figure 6. The share of regions in the production of textiles and clothing in the manufacturing industry of the republic.

Also, as a result of the reforms carried out in our country in order to diversify the textile industry and stimulate exports of finished products, the potential in this area and the share of partner countries in the textile market are increasing.[13] The largest share of textiles in 2022 - 1,264.9 million US dollars (39.8%) - was accounted for by the Russian Federation and 519.1 million US dollars (16.3%) - by Turkey (table 1).

Table 1.

Dynamics of textile exports by country (millions of US dollars)

П/№	Countries	2021	2022	Height, in %
1	Russian Federation	910,7	1264,9	138,9
2	Turkey	461,1	519,1	112,6
3	Kyrgyz Republic	401,1	513,4	128
4	People's Republic of China	636,3	274	43,1
5	Iran	46,3	80	172,8
6	Poland	65,6	78,3	119,4
7	Tadjikistan	21,7	71,9	330
8	Kazakhstan	48,6	61,1	125,7
9	Belarus	23,4	45	191,9
10	Italy	32,8	38,5	117,3
11	Ukraine	51,6	38,1	73,8
12	Germany	12,5	28,7	230
13	Azerbaijan	18,7	20,3	108,4
14	Egypt	30,2	19,6	65
15	Other countries	166,7	125,2	75,1

In particular, the Decree of the President of the Republic of Uzbekistan dated September 16, 2019 DP-4453 "On measures to promote the further development of light industry and the production of finished products" approved target parameters for 2020-2025 for the production and export of textile and clothing and knitwear products with high added value based on deep processing of raw materials, taking into account market requirements.

These parameters include the production and export of textiles, clothing and knitwear worth 12.5 billion dollars in 2023, and by 2025 this figure is expected to exceed 15 billion dollars (Fig.7).[14] As a result of the measures implemented to develop the industry and increase the demand for cheap and high-quality, competitive light industry products in the country in recent years, the introduction of modern equipment and technologies into industry has led to lower production costs.

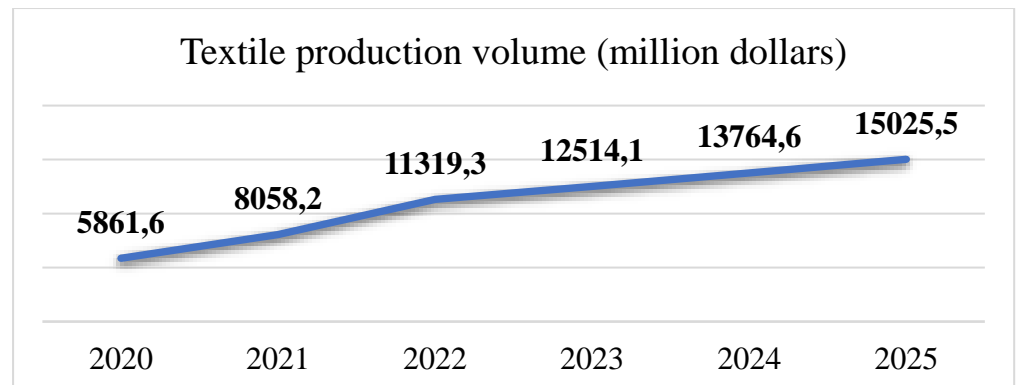


Figure 7. The plan for the production and export of textile and sewing and knitting products for 2020-2025.

In the course of researching ways to increase the production of light industry enterprises, further develop the industry, and explore ways to effectively use investments under the Light Industry Projects program, we can make the following proposals for the introduction of innovative technologies in this area, and ongoing reforms:

1. Development of a mechanism for the further development of the textile industry, the effective use of investments and the introduction of innovative technologies.
2. Organization of the center for innovative development of the textile network.

The main goal of the textile industry support center is to increase production through the introduction of innovative technologies in products manufactured by textile enterprises, and thereby improve the mechanism for managing the financial resources of textile enterprises.

4. Conclusion

This study highlights the critical role of innovative financial management strategies in enhancing the efficiency and global competitiveness of textile industry enterprises. The findings reveal that adopting targeted financial interventions, such as subsidized investment in modern equipment, tax deferments, and export-oriented financial support, significantly improves enterprise profitability and sustainability. [15] These strategies contribute to optimizing financial resource allocation, fostering economic resilience, and supporting Uzbekistan's long-term industrial growth objectives. The implications of this research extend to policymakers, industry leaders, and financial institutions, emphasizing the need for comprehensive financial policies tailored to the textile sector's evolving demands. Furthermore, the study underscores the importance of aligning financial strategies with technological advancements and international market requirements to maximize economic benefits. Future research should explore the long-term impact of these financial mechanisms on industry-wide productivity and examine how digital financial solutions, such as blockchain and AI-driven financial analytics, can further enhance financial efficiency in textile enterprises.

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