



IMPROVEMENT OF THE CERTIFICATION MECHANISM IN THE PRODUCTION OF TEXTILE INDUSTRY PRODUCTS

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Abstract: The article discusses the progress of the textile industry in both domestic and international contexts, as well as the practical implementation of government assistance in this sector. The study examined the research undertaken by both local and foreign scientists on topics such as financial management in light industrial companies, establishment and management of clusters, and the benefits of clustering production in textile enterprises. An analysis was conducted on the experiences of nations that have a well-established textile sector, such as China, Germany, and Turkey. The research findings led to the development of evidence-based suggestions to enhance the financial management of industrial firms in Uzbekistan.

Key words: textile enterprises, sewing-knitting industry, investment, cotton fiber, clustering, spinning, cluster, population employment, "O'zto'qimachilik sanoat" association, export geography.

Introduction

Uzbekistan has recently developed a conducive business environment and is actively focusing on establishing contemporary firms in collaboration with foreign investors. The number of firms operating under private ownership is steadily growing each year. Consequently, with the implementation of cutting-edge technology in urban and rural industrial sectors, the domestic market's requirements are completely satisfied, and any surplus products are sold to the global market. The textile industry in Uzbekistan has experienced consistent growth and has emerged as a prominent sector of the economy. It has become a leading industry in terms of drawing foreign investments and exporting products. Uzbekistan's textile products are exported to over 50 nations worldwide, as indicated by statistics. The primary export markets include the Commonwealth of Independent States (CIS) countries, with Russia being the most significant, along with Latin American countries, the European Union (EU), the Republic of Korea, China, Singapore, Iran, Israel, the United States, and various other countries. In 2022, Pakistan, Georgia, Croatia, Nigeria, and several other countries will have the opportunity to access and explore new sales marketplaces. Russia and the CIS countries are the primary importers of Uzbekistan's textile products. These countries receive 51% of our exports, whereas South Asian countries receive 21%, Europe receives 12%, and the Middle East and Africa receive 8%.

Literature Review

The works of foreign scientists, such as M. Porter, J. Sallet, G. Beckes, P. Martin, and T. Mayer, have examined the management of financial activities in light industrial enterprises, the establishment and management of clusters, and the identification of the benefits of clustering production in textile enterprises. A. Asaul, L. Badalov, S. Dreving, N. Volkova, Yu. Lavrikova, S. Pyatinkin, T. Bjova, T. Sakhno, D. Scientists such as Yalov and N. Yagodina have undertaken scientific study. The scientific works of A. Bekmuradov, N. Yoldoshev, M. Boltabaev, Sh. Madjidov, D. Mirzakhililova, D.

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Kurbanova, and others have examined the theoretical and methodological aspects, as well as organisational issues, related to the organisation of textile enterprises in Uzbekistan. However, their research did not consider the importance of maintaining a proportional production capacity during the various stages of cotton processing, as well as the significance of the location and other characteristics of these enterprises. Although the aforementioned scientists have made significant contributions to the field of science, the challenges in advancing the textile industry persist, particularly in terms of devising effective strategies for managing the financial operations of light industrial companies. Conducting thorough and focused research is necessary. Specialised scientific research is necessary to enhance the fundamental aspects of light industry development and investment in the national economy.

Enterprises producing machine-building products, textile products and clothing, and soft drinks and tobacco products accounted for more than half (53.4 percent) of the growth in industrial output. The production of machine-building products increased by 107.4 percent, textile products and clothing by 107.2 percent, and soft drinks and tobacco products by 105.9 percent. delivered at the cost of In 2023, there was a 6 percent increase in the production of industrial products, with development observed in all significant industries. Based on the analysis conducted by experts from the Institute of Macroeconomic and Territorial Research, the rate of growth in the industrial sector exceeded that of 2022 by 0.8%. The industry accounted for 26.1 percent of the GDP and ranked second in terms of added value, following the service sector. The manufacturing industry, which serves as the primary catalyst for industrial expansion, had the most favourable rate of structural transformations.

The manufacturing of the product in this industry had a 6.7 percent increase. In summary, it exceeded the industry's average growth index by 0.7 percent. This enabled the network's share in the industrial structure to be raised to 84.4%. Enterprises producing machine-building products, textile products and clothing, and soft drinks and tobacco products accounted for more than half (53.4 percent) of the growth in the production of industrial products. The production of machine-building products increased by 107.4 percent, textile products and clothing increased by 107.2 percent, and soft drinks and tobacco products increased by 105.9 percent delivered at the cost of The Andijan region, Tashkent city, and Tashkent region had the highest proportion of consumer goods in the total volume of produced products, according to the regional ranking. According to the analysis conducted by the Institute of Macroeconomic and Regional Studies, significant reserves in the production of consumer products still exist in other regions.

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MAIN INDICATORS for the textile and sewing-knitting industry in 2017-2023

No	Indicator name	unit of measure	2017		2018		2019		2020		2021		2022		2023	
			nature	amount	nature	amount	nature	amount	nature	amount	nature	amount	nature	amount	nature	amount
1	Cotton fiber	thousand tons		468,2		532,4		801,3		852,0		1 003,0		1 080,0		1 100,0
	processing level	%		40%		63%		88%		93%		100%		100%		100%
2	Industrial products	billion soum		22 871,5		32 567,4		39 112,5		44 154,2		64 791,1		79 968,5		93 599,4
	share of high value-added products	%		27,4%		34,5%		42,8%		44,0%		53,7%		53,5%		57,3%
2.1	Thread thread	thousand tons	412,3	8 946,9	535,0	11 609,5	635,0	14 955,0	778,2	16 887,2	862,3	19 447,8	905,6	22 640,0	932,4	23 310,0
	processing level	%		49,6%		47,2%		40,0%		41,5%		65,2%		45,2%		52,8%
2.2	Gassing	million sq. m	370,5	1 667,3	492,8	1 973,5	645,0	2 583,0	705,1	2 782,4	716,2	3 522,8	814,3	4 885,8	937,1	5 622,6
2.3	Knitted fabric	thousand tons	71,9	2 525,4	122,6	4 306,2	137,3	4 822,5	160,5	5 061,1	203,8	7 012,4	242,3	9 692,0	275,8	11 032,0
2.4	Sewing and knitting products	million piece	452,2	5 976,9	812,4	10 741,4	1 214,3	16 055,3	1 520,0	18 689,0	1 997,8	32 720,9	2 324,2	40 673,5	2 698,7	51 275,3
2.5	Hosiery products	million couple	98,4	295,6	162,9	489,4	231,9	696,7	400,2	734,5	458,4	2 087,1	461,6	2 077,2	471,9	2 359,5
	Other products	billion soum		3 459,4		3 447,4										
3	Export	million dollar		912,7		1 302,3		1 541,3		1 868,4		2 931,2		3 229,1		3 386,6
3.1	Thread thread	thousand tons	224,7	559,0	282,3	725,0	381,1	880,9	455,4	947,3	562,6	1 618,7	409,5	1 422,3	447,8	1172,2614
3.2	Gassing	million sq. m	130,8	46,8	184,5	75,4	215,5	73,8	296,5	103,9	318,5	145,6	305,8	168,1	588,7	171,73247
3.3	Knitted fabric	thousand tons	11,6	46,0	16,2	63,0	20,4	79,3	33,2	139,5	46,1	238,3	50,4	301,4	60,9	290,44892
3.4	Sewing and knitting products	million dollar		257,4		313,1		486,3		648,0		882,3		1 283,2		1 696,50
3.5	Hosiery products	million dollar	12,9	3,5		14,1	74,6	21,2	119,8	29,8	167,3	46,3	168,3	54,1	169,7	55,657158
3.6	Other products	million dollar				111,7										
	Localization	billion soum		22,9		30,2		169,8		1130		566,8		900,9		1286,6
4	Investment projects	million dollar	33	260,7	60	550,7	91	832,3	71	474,1	85	733,3	88	771,2	78	730,3
	Jobs created	person		5 140		10 654		17 293		16 855		22 070		25 580		24 400
5	Field jobs	person		148 750		247 460		326 780		344 150		405 970		510 000		570 000

Fig 1. Main indicators for the textile and sewing-knitting industry

Discussion

Today, comprehensive measures aimed at organizing the production of a wide range of high-quality textile and sewing-knitting products, deepening the localization of its production, and increasing the export potential of local manufacturers are being implemented in our Republic. The cotton and textile industry is developing in Uzbekistan. Achievements in the field are directly related to the reforms implemented by the President of the Republic of Uzbekistan Shavkat Mirziyoyev. In particular, with the Decree No. PF-5285 of the President of the Republic of Uzbekistan, adopted on December 14, 2017, "On measures for the rapid development of the textile and sewing-knitting industry", the association "O'zto'qimachilik sanoat" was established.

In 2018, a cluster model was established that incorporated the principles of vertical and horizontal integration to connect various sectors involved in the production and processing of raw cotton. Presently, the textile industry's contribution to the gross domestic product of the country exceeds 8 percent. Half a decade ago, this metric did not surpass 4 percent. Throughout its operations, the association facilitated the influx of over 3 billion dollars in foreign investment to the industry and played a significant role in executing over 200 major investment initiatives. It is a significant accomplishment to achieve complete processing of all cotton fibre produced in Uzbekistan and to attain an export value of 3 billion dollars in 2021. [1] By the conclusion of 2021, the fibre processing rate in the cotton industry experienced a 2.5-fold growth, reaching 100%. Yarn production also climbed by 2 times, while final product manufacturing saw a 3-fold increase. Additionally, the export

volume reached a total of 3 billion dollars. The increasing enthusiasm among farmers, the collaboration among entrepreneurs in the cluster, and the diligent assumption of complete accountability for the outcome have propelled cotton cultivation to unprecedented levels of productivity. The cotton crop is experiencing a substantial increase in output. In 2021, the average yield per hectare in most clusters ranged from 35 to 40 quintals, with some clusters achieving a yield as high as 60 quintals. One of the key objectives is to significantly increase labour productivity in the cotton sector, using measures such as deep processing of raw materials. Another goal is to boost the export volume to 7 billion dollars. Additionally, the plan aims to increase employment and income for the rural population.

Global GAP (Good Agricultural Practice – GAP) – is a recognized system of international standards to ensure the safety of cultivated agricultural products and their compliance with existing quality and technical requirements. The GLOBALG.AP standard is based on GHP, GMP and HACCP requirements. Certification is voluntary, but its main difference from national standards is that certification not only evaluates the quality of the final product, but covers the entire production cycle.

Organic - a document confirming that the enterprise complies with organic standards in the cultivation, production, packaging and transportation of food products.

OEKO-TEX® STANDARD 100 is a system of testing and certifying that textile products do not contain hazardous substances for human health. The general analysis of the OEKO-TEX® standard is carried out on the basis of more than 100 criteria, including the study of not only prohibited substances in production, but also potentially hazardous substances. After the successful completion of the test, the OEKO-TEX® certificate is issued for a period of 12 months, after which the company can apply for an extension of the validity period of the certificate. In this case, the evaluation process will be completely repeated.

The responsibility for certification according to the Oeko-Tex 100 standard is shared by 17 research institutes that are part of the Oeko-Tex international community, which has branches in more than 40 countries around the world.

WRAP (Worldwide Responsible Accredited Production) - certificate indicates that potential buyers follow ethical and responsible business standards and is based on the following principles:

- Compliance with workplace laws and regulations;
- Prohibition of forced labor;
- Prohibition of child labor;
- Prohibit harassment or abuse of authority;
- Compensation and benefits in accordance with law;
- Working hours according to law;
- Prohibition of discrimination ;
- Health and Safety;
- Freedom of Association and Collective Bargaining;



- environment;
- Customs compliance;
- Safety.

BSCI is an initiative developed by the Foreign Trade Association (FTA), a non-profit organization based in Brussels. BSCI's goal is to create a basis for sustainable improvement of the performance of supplier countries by introducing social responsibility monitoring in world trade. BSCI is focused on the continuous improvement of social activities of suppliers, leading to the introduction of best practices in this field.

BSCI the code of ethics is based on the provisions of the UN Universal Declaration of Human Rights, the International Labor Organization, the UN Conventions on the Rights of the Child and the Elimination of All Forms of Discrimination against Women, the UN Global Compact, OECD recommendations for international companies and other relevant international agreements.

GOTS - ensures the organic status of textile products from the collection of raw materials, environmentally and socially responsible production to labeling to guarantee the consumer. The standard covers the processing, production, packaging, labeling, marketing and distribution of all textile products made from at least 70% certified organic natural fibers. End products can include yarn, fabric, clothing, home textiles, etc.

SEDEX – The Ethical Supplier Data Exchange is a non-profit, membership-based organization that works with buyers and suppliers to improve responsible, ethical business practices in the global supply chain. Sedex was founded in 2001 as a group of retailers to integrate social audit standards and monitoring methods. **SEDEX** aims to reduce the audit burden for suppliers by sharing audit reports and promoting improvements in the global supply chain.

SE marking – SE certificate (Conformité Européenne) is a document confirming the conformity of the product with the requirements of the European Union. In addition, each country of the European Union may introduce its own norms and standards, which must also be met if the product is sold in that area.

Marking does not confirm product quality. It states that the products are safe for humans and the environment. The abbreviation CE stands for "European Conformity".

Certification according to European directives is not necessary for all objects, but only for certain categories, for example:

- medical equipment;
- toys for children;
- products and materials for construction;
- machines, technical means, equipment;
- measuring instruments;

BCI – The Better Cotton Initiative (BCI) is a global non-profit organization and the world's largest sustainable cotton program.

BCI is committed to transforming cotton production worldwide by eliminating the negative impacts of cotton cultivation and processing. By working with a wide range of stakeholders, BCI

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promotes continuous improvement to protect the environment and improve the economic performance of farming communities and cotton growing regions. To achieve this goal, BCI defines four main tasks:

- Reducing the negative impact of cotton production on the environment
- Improving living standards and economic development in cotton-growing areas
- Increase commitment to the Better Cotton initiative throughout the supply chain
- Improve stability and trust in BCI

Organic Content Standard - The Organic Content Standard (OCS) is an international, voluntary standard that provides a chain of custody for farm-sourced materials certified according to recognized national organic standards. The standard is used to inspect organically grown raw materials from the farm to the final product.

OCS (Organic Content Standard) applies to any non-food product that contains 95-100 percent organic matter. The standard is designed to confirm the presence and quantity of organic matter in the final product and allows the consumer to trace the flow of raw materials from source to final product.

FSSC 22000 – FSSC 22000 is used for inspection and certification of food safety management systems of companies involved in the food chain up to final consumption.

In particular: Food manufacturers All catering establishments, retail establishments.

ISO 22000 certification provides high standards for food safety management systems. The FSSC 22000 standard is based on ISO 22000 and is recognized by the Global Food Safety Initiative (GFSI).

EAC stands for Eurasian Compatibility. This means that the product meets quality and safety standards. This mark is applied to goods produced in or imported to the Union countries.

Halal is a set of rules regarding the principles of life and "Muslim morals" of those who believe in the religion of Islam. It includes, in particular, dietary standards in accordance with Islamic Shari'a. Halal means anything that is permissible or conforms to Islamic law.

"All that is permitted and permissible in Islam" (the opposite of haram). Often this concept is used to refer to properly prepared and permissible food for Muslims.

Products with the "Halal" certificate are high-quality environmentally friendly products that do not contain harmful substances and GMOs. Muslims and non-Muslims alike often choose Halal-certified products to undergo more rigorous testing for environmental friendliness and safety.

Obtaining a "Halal" certificate for products confirms their compliance with Islamic religious laws. Inspection is carried out in independent voluntary assessment systems. It can be organized not only for food, but also for perfumes and cosmetics, cleaning and detergents, clothes and shoes.

ISO - quality management system (QMS) conformity certificate is a document confirming the development, successful implementation and practical use of one or more management systems.

Certification is a conformity confirmation procedure, through which an organization independent of the manufacturer and the consumer certifies in writing that the product meets the specified requirements.

The main task of the quality management system is to control and coordinate business processes, manage business in a competitive, dynamic market of goods and services.



The presence of a quality certificate increases the attractiveness of the product among buyers; A product with a certificate can be sold at a higher price because importers are more committed to certified quality products.

SMETA (SEDEX Members' Ethical Trading Audit) is a social responsibility audit for businesses in various industries that have joined the ethical trading initiative.

SMETA is in high demand in the textile industry, especially in garment factories that employ a large number of workers. Many European buyers prefer to cooperate with socially responsible suppliers, which means that the supplier's employees have socially acceptable working conditions.

The SMETA platform serves as a resource for sharing information about socially rated suppliers.

KOSHER is a quality certificate confirming the conformity of products, ingredients and production processes with Jewish dietary laws. Kosher certification is a verification that the company and its raw materials comply with the rules stipulated in Jewish law.

A special certificate is issued voluntarily for kosher food and other products that must meet the requirements of Judaism. However, this is the only way to guarantee a "kosher" product to the customer.

The experience of Turkey. Turkey ranks as the world's fifth largest exporter of clothes and the second largest exporter to countries in the European Union. It has a significant impact on the worldwide textile industry, and its effect is consistently growing each year. The origins of the Turkish textile industry may be traced back to the era of the Ottoman Empire, during which textile manufacturing flourished in the 16th and 17th centuries. Following the empire's collapse, the Turkish government saw the sector's strategic significance and implemented a series of measures to foster its growth, including protectionism and state backing. State enterprises were aggressively developed in the textile industry, and a significant influx of investment was attracted starting in 1923.

Experience in Germany. The textile industry, specifically the manufacturing of garments, has a lengthy and esteemed legacy in Germany, making it one of the oldest sectors in the nation's economy. The expansion and progress of the textile sector in Germany can be ascribed to several factors, such as the existence of densely populated regions with advanced agriculture, advantageous geographical conditions, and efficient transportation infrastructure that facilitated both the supply and demand aspects of market capacity and labour force. Following the conclusion of World War II, Germany's textile sector underwent significant economic expansion. During this time frame, there was a surge in demand that could not be satisfied by imports as a result of constrained financial resources. During the mid-1960s, the number of businesses in the industry began to decline as a result of technical advancements, which prompted the growth and implementation of automated manufacturing processes. These modifications have resulted in enhanced effectiveness, greater utilisation of resources, and intensified global rivalry, leading to a restructuring of the industry and market framework.

Conclusion

Germany's approach to expanding its textile sector stands out for its capacity to uphold and enhance its global market position, even in the face of heightened competition and the emergence of developing nations in international markets. The German model presents viable and efficient techniques that can be implemented in the context of Uzbekistan. These measures encompass the

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assistance and safeguarding of domestic producers, the participation of diverse governmental and non-governmental entities, the implementation of uniform systems, and the enactment of labelling laws. The Turkish model has shown to be quite effective in promoting the expansion of Uzbekistan's textile sector. Specifically, as Uzbekistan progresses towards joining the WTO, it is crucial to prioritise extensive institutional changes rather than providing only partial assistance to domestic exporters in meeting WTO obligations. The prioritisation of education has numerous beneficial impacts on both the economy and society, resulting in an elevation of the overall quality of life for the population. Implementing this technique in a consistent and aligned manner with producers' needs enables market-driven decision-making. Furthermore, enhancing the ties between the government and industrial entities will be crucial in establishing advantageous circumstances for the prosperous growth of the textile sector in Uzbekistan.

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