

# EVALUATION OF ECONOMIC POTENTIAL OF TEXTILE INDUSTRY ENTERPRISES

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**Abstract:** In this article has been proposed a new methodology for assessing the economic potential of textile enterprises. As a result of the analysis of foreign literature, the marginal values of the economic potential of the enterprise were determined. By the author have been proposed formulas for calculating indicators such as own working capital ratio, return on assets, return on long-term capital, etc. The level of financial security of textile enterprises operating in Uzbekistan has also been assessed and analyzed, and scientific proposals and practical recommendations have been developed to ensure their financial security. Proposed methods were implemented on private enterprise "OSBORN TEXTILE" and Joint-Venture "UZTEX TASHKENT" operating in Uzbekistan. Based on secondary accounting data of enterprises, the financial security situation of enterprises was analyzed and proposals for staving off threats were elaborated. This technique can be applied in all textile enterprises operating in the world.

**Keywords:** Financial security, textile enterprise, liquidity, financial resources, capital, net profit.

## 1 INTRODUCTION

The current state of the global textile market shows that the rapid penetration into the textile markets of developed countries is carried out mainly by national companies integrated into the global textile industry. Also, the importance of providing the domestic market in the global textile industry trend is growing [1]. In particular, in 2016, world exports of textile products amounted to a total of 286.5 billion US dollars, in which the role of Asia remains high [2]. However, in 2016, the share of Uzbek textile exports in the top 10 textile exporters in the world was only 0.37%. This requires accelerating their integration into the global textile industry by creating national textile clusters.

The steady growth of the world's population in recent years and the continuation of this trend in the future will lead to improved living conditions and increased solvency, further increase in demand for finished and semi-finished textile products. This, in turn, requires modern research based on reducing the cost of production, as well as expanding the range and improving the quality of products in the light industry of the country, in particular, the textile industry. The study of scientific, methodological and practical aspects of this issue in terms of increasing the economic potential of enterprises of the national textile industry on the basis of innovative approaches is relevant today. At the current stage of rapid economic reforms in Uzbekistan, it is important to improve the mechanisms for increasing the economic

potential of textile enterprises, including monitoring the level of economic potential of enterprises, accelerating receivables and developing a strategy for modernization of enterprises.

## 2 LITERATURE REVIEW

The textile industry is the basis for sustainable economic growth, increasing export earnings, prioritizing the development of small business and private entrepreneurship, as well as social crisis, i.e. providing employment, increasing incomes and ultimately improving living standards. Today, the textile industry is characterized not only as a rapidly developing industry, but also as a stable increase in exports, attracting foreign investment and modernization and radical technical and technological renewal of production processes.

It is known that today a lot of research has been conducted on the concept of economic potential of industrial enterprises, its components and its evaluation indicators. However, there is almost no research on the concept of economic potential of the sector enterprises, its assessment indicators and economic capacity building, which fully covers the specific development characteristics of the real sector of the economy.

In our opinion, it is expedient to scientifically formulate and disclose the economic nature of the indicators for its evaluation, taking into account the organizational and economic nature, composition, specific features of the development of textile enterprises.

There are many famous researches dedicated to textile industry, as well as Gereffi [1], Heymann [2], Tokatli [3] and Zhang [4]. In their scientific works have been investigated issues of industrial upgrading in the apparel commodity chain, manufacturing garments for ready-to-wear to designing collections for fast fashion in Turkey, profitability and productivity of the Chinese textile industry and etc.

In the 1990s, the economic security of an enterprise was interpreted as providing the conditions for maintaining these trade secrets. Economic security was later understood as a system that provides resistance to negative external economic factors.

In addition, economists discussed issues such as minimizing losses, ensuring control over property, ensuring information and legal security, and ensuring the economic security of the enterprise. Senchagov [5] defines the economic security of an enterprise as a set of measures that include a combination of these factors, not only dependent on the internal situation, the external environmental impact of the enterprise and the economic threats of the enterprise. Gaponenko [6] emphasizes that economic security is the timely response to changes in the external environment, which ensures that the enterprise adapts to existing conditions. According to Goncharenko [7], the economic security of an enterprise is interpreted as a state of efficient use of resources to prevent these threats and ensure the sustainable operation of the enterprise. The economic security of the enterprise is characterized by a combination of qualitative and quantitative indicators. Glyumov and Kiselitsy [8] noted that the economic security of the enterprise is characterized by a set of indicators of qualitative and quantitative economic security, the main of which is determined by assessing the state of use of enterprise resources on the criteria of economic security. They emphasize that the economic security of the enterprise is characterized by a set of qualitative and quantitative indicators, the main of which is to determine the level of economic security of the enterprise by assessing the state of use of enterprise resources on economic security criteria. From the point of view of Ivanov [9], the economic security of an enterprise is defined as economically safe if it has advantages over competing enterprises due to its material, financial, personnel, technological capabilities and compliance with the strategic goals and objectives of the organizational structure. Gaponenko, Bespalko and Vlaskov [6] defined the economic security of enterprises as the state of the enterprise, which is characterized by the ability to function normally to achieve their goals in the current external conditions and their change within certain limits. Manokhina [10] is very similar to the opinion of other scholars, who define the economic security of an enterprise as the existence of competitive

advantages due to the material, financial, human, technical and technological capabilities of the enterprise and the conformity of its organizational structure to strategic goals and objectives. Proponent of a systemic approach, according to Bulanov [11], economic security includes "organizational, industrial, legal, material and intellectual relations, resource sustainability, financial and commercial success, and resources that ensure the consistent scientific and technological development of the real sector" and a situational approach to managing the economic security of an enterprise has become widespread. According to Glazyev [12], economic security is the state of the economy, socio-economic development and maintenance of the necessary competitiveness that ensures the stability of the enterprise itself. Schultz [13] emphasizes this approach that an economic security system based on the security of any social life is a flexibility based on strategic management, political analysis, and other rational activities related to the study of the past and present. Proponents of the functional approach and Oleinikov [14] argue that they consider the economic security of the enterprise as a broad concept that includes only the financial, intellectual, personnel, political and legal, environmental, information and energy sectors. According to Ermolaev [15] and Goncharenko [7], the economic security of the enterprise is, in turn, an integral part of the business security system, along with technological, environmental, information, psychological, physical, scientific and other things. It has been scientifically proven that the result of an enterprise's economic security is the result of properly established processes. The process of financial and economic activity itself is a set of different types of activities of enterprises, which use several resources at the beginning of the process ("input") and as a result ("input") produce valuable products for the consumer.

Functional and systemic approaches are very broad, so while trying to cover all functional areas of activity and system units, the enterprise develops its own concept of economic security and faces specific challenges. At the same time, the share of subjectivity of those who manage the economic security of the enterprise is high. In addition, careful development and monitoring of the economic security of enterprises makes it difficult to implement these two approaches in practice.

According to Belkin [16], the imperfection of the functional approach is manifested in the fact that the decision made in one division of the enterprise is often a problem for another, i.e. there is no consistency between units. According to the process approach, economic security covers all levels of the organizational structure of the enterprise. The existing business processes in the enterprise and their impact on the economic

security of the enterprise were studied. At the same time, each process will be focused on achieving results that ensure the economic security of economic activity with its own "exit". However, it is also not advisable to be limited to strategic economic security management processes, as resources are not important as a necessary condition for the implementation of different processes, "input" and "output", individuals working between processes, i.e. actions performed, as well as process disruption potential counterparties need to be considered. In this regard, the advantage of using a process approach is the innovative (cyclic) use in the formation of strategic economic security of the existing enterprise. This approach, according to Krasnoshek [17], is based on the existence of long, medium and short waves of economic development and is based on the application of the theory of economic cycles. At the same time, measures to eliminate threats to economic security need to be taken and implemented in the form of transition to a new cycle of economic development or in the form of leading the competition. In other words, we can talk about the presence of bifurcation points in the process of operation of the enterprise, which determine that its development does not change during the life cycle. Therefore, the application of this approach is necessary for practical application in the process of monitoring the safe development of the enterprise, but the life cycle curve, in addition, the identification of defining components of strategic economic security requires the development of enterprises and their evaluation methods. Thus, in our opinion, the formation of the strategic economic security of the enterprise can be achieved through the path of sustainable development based on its long-term performance. Thus, the economic security of an enterprise is characterized by its many types and approaches to detection. In this regard, it is necessary to systematize the approaches discussed above to form a complete definition of strategic economic security. To do this, we use the classification features proposed by Blank [18]:

- level of economic activity;
- functional type of economic activity;
- the nature of the threats to economic interests;
- source of threat to economic interests;
- the essence of mechanisms for the protection of economic interests;
- the direction of the mechanisms for the protection of economic interests;
- time period;
- level of management;
- level of protection of economic interests;
- stability of parameters that protect economic interests;
- legitimacy of the methods used to protect economic interests.

Scientists of our country have hardly studied this issue. Only one chapter of the textbook is devoted to the economic security and trade secrets of enterprises [19]. It is also clear that the issue of economic security of enterprises, as noted above, is one of the most pressing issues in today's economic liberalization. The fact that the subject is still unresolved, on the one hand, and its objective necessity on the other hand, became the basis for our attempt to study this topic, to solve its theoretical and practical problems.

In our view, the economic literature generally focuses on the economic security of the national economy, states, individual regions and enterprises. However, issues related to ensuring the economic security of enterprises, especially those operating industrial enterprises, have not been comprehensively studied. Accordingly, this topic is poorly covered in the economic literature. Their theoretical and practical solutions are still insufficiently developed. Scientists of our country have hardly studied this issue. Only one chapter of the textbook is devoted to the economic security and trade secrets of enterprises. It is also clear that the issue of economic security of enterprises, as noted above, is one of the most pressing issues in today's liberalized economy.

### 3 METHODOLOGY

One of the main methodological tasks of research on economic potential is the selection of its evaluation methods. Scientific and economic substantiation of methods and indicators of economic potential plays an important role in the development of strategies to ensure the economic potential of enterprises and increase it in the future. In particular, the assessment of economic potential:

- identification of existing opportunities of enterprises;
- assessment of the level of effective use of economic potential;
- identification of key areas for improving the efficiency of economic potential use;
- determine the level of use of its individual elements to find backup and unused opportunities;
- allows to determine the directions of development of economic potential of enterprises [7, 8].

Today, economists do not have a single methodology for assessing the economic potential of textile enterprises. In this context, the study of existing scientific views and methods for assessing the economic potential of enterprises is of scientific importance. Also, in many economic literatures [19-23] there are methods of rating the economic potential of enterprises. The economic significance of these methods is as follows:

- analysis of financial and economic activity of enterprises on the basis of many indicators describing the financial condition and results of the enterprise;
- calculation of the results of the rating based on the comparison of the results of the enterprises.

Most economists [24-28] propose an approach to assessing the economic potential of enterprises based on methods that typically evaluate the financial performance of enterprises. In this case, the economic potential of the enterprise is analyzed in terms of assessing the financial condition and property potential of the enterprise. It also uses a variety of methods to assess the financial and property aspects of capacity; the application of certain sets of enterprise performance and financial ratios is scientifically and economically justified.

The method proposed by Stepanova and Rogozhina [29] to assess the economic potential of enterprises in the textile industry is very interesting and important for our research. In particular, they assess the economic potential of textile enterprises as follows: financial; property; personnel; material; information; proposed a combination of innovative and energy potentials.

Assessment of economic potential is an important part of the internal management system of the enterprise, as it allows you to obtain information about the results of the enterprise, identify reserves, assess and forecast opportunities to improve the efficiency of the enterprise, as well as form organizational and managerial decisions.

The economic potential of enterprises cannot be assessed without the use of quantitative and qualitative methods. Such methods include:

- matrix method;
- scoring method;
- method of value assessment by value;

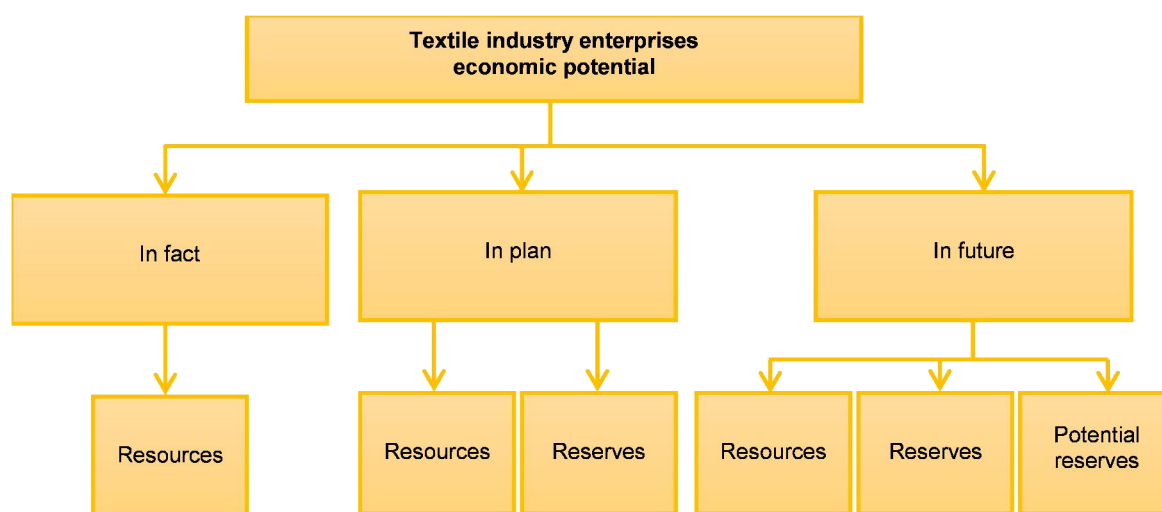
- index method;
- linear optimization model method;
- regressive methods can be introduced.

Based on various methods and techniques of assessing the economic potential of enterprises, the economic potential of textile enterprises is summarized, taking into account the specifics of the textile industry of Uzbekistan, as well as the importance of resources and reserves in the textile industry and the rapid inflow of investors and propose an improved methodology of evaluation based on index indicators, broken down into long-term potentials.

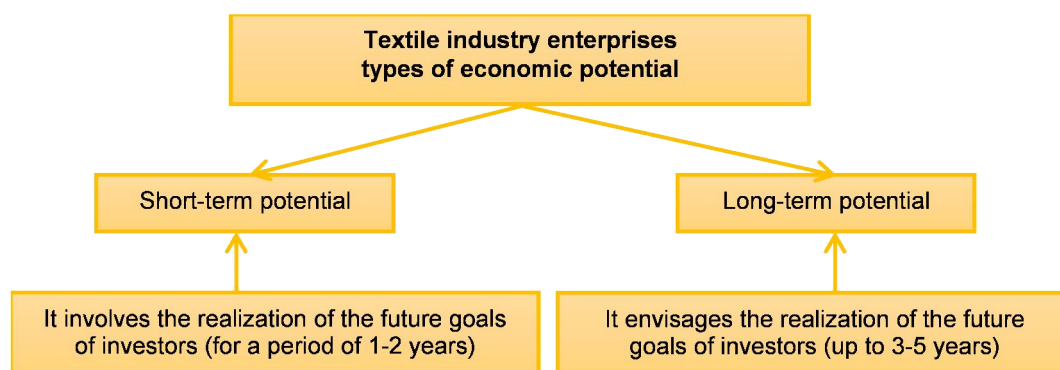
The proposed methodology can be economically justified as follows, i.e. the economic potential of textile enterprises should be considered as a separate system of independent development. They consist of indicators such as resources, reserves and potential reserves, which allow to ensure the growth of indicators of interdependence, i.e. the performance of the enterprise. Consequently, resources, reserves and potential reserves are sources of realization of economic potential. In this case:

- resources of textile enterprises - fixed assets, working capital and labor resources;
- reserves - total material resources that are not temporarily used for the intended purpose of the enterprise, but can also be used in production activities;
- potential reserves - we can include total material resources that are currently economically difficult to implement, but are available for future use.

Our substantiation of the economic potential of textile enterprises as resources, reserves and potential reserves allowed to classify it by the composition of the sources of its implementation (Figure 1).



**Figure 1** Classification of enterprises of the textile industry by types of economic potential and sources of their implementation



**Figure 2** Classification of medium and long-term economic potential of textile enterprises

In particular, the real economic potential is the availability of resources and financial stability in the enterprise. The use of available resources and the calculation of the results of the enterprise, taking into account the reserves in the conditions of financial stability of the enterprise, determine the existing economic potential. Calculating the results of the activities of enterprises, involving existing resources, reserves and potential reserves, determines the future economic potential. Any of the above types of economic potential can be considered, but any investor looking to invest in the textile industry will focus more on assessing the future economic potential of textile enterprises. As the investor sets different goals when investing in enterprises, including that one investor wants to get economic benefits faster than the invested investment (1-2 years) and the other in the future (3-5 years). In this regard, we propose to classify the economic potential of textile enterprises by dividing them into short-term and long-term potentials (Figure 2). As mentioned above, based on the methodology for assessing the economic potential of enterprises in the textile industry, it is proposed to calculate on the basis of index indicators that reflect the activities of the enterprise and the results of its implementation. In this case, the economic significance of the index-based assessment methodology is that the current and future economic potential of textile enterprises is compared with the actual economic potential, i.e. the index is determined by dividing the current and future economic potential of enterprises by the actual economic potential. Key indicators for assessing the short-term economic potential of textile enterprises:

1. Own working capital ratio ( $OWC_r$ ):

$$OWC_r = \frac{SOF_f + LTL - LTA}{A_j} \quad (1)$$

where:  $SOF_f$  - sources of own funds, thousand UZS;  $LTL$  - long-term liabilities, thousand UZS;  $LTA$  - long-term assets, thousand UZS;  $A_j$  - current assets, thousand UZS.

2. Current liquidity ratio ( $L_j$ ):

$$L_j = \frac{A_j}{STL} \quad (2)$$

where:  $A_j$  - current assets, thousand UZS;  $STL$  - short-term liabilities, thousand UZS.

3. Net asset value ( $NAV_v$ ):

$$NAV_v = A_v - L \quad (3)$$

where:  $A_v$  - average annual value of assets, thousand UZS;  $L$  - liabilities, thousand UZS.

Key indicators for assessing the long-term economic potential of textile enterprises:

1. Own working capital ratio ( $O'AM_t$ ):

$$OWC_r = \frac{O'M_m + UMM - UMA}{A_j} \quad (4)$$

where:  $O'M_m$  - sources of own funds, thousand UZS;  $LTL$  - long-term liabilities, thousand UZS;  $LTA$  - long-term assets, thousand UZS;  $A_j$  - current assets, thousand UZS.

2. Return on assets ( $A_r$ ):

$$A_r = \frac{F_s}{A_q} \quad (5)$$

where:  $F_s$  - net profit, thousand UZS;  $A_q$  - average annual value of assets, thousand UZS.

3. Long-term return on capital ( $LTR_c$ ):

$$LTR_c = \frac{N_p}{LTA} \quad (6)$$

where:  $N_p$  - net profit, thousand UZS;  $LTA$  - long-term assets, thousand UZS.

The scientific significance of the proposed methodology is that it is a new approach to assessing the economic potential of textile enterprises, i.e. the use of "assessment of potential reserves" and its application on the basis of indices. Based on the above, we propose to use the following indicators in assessing the economic potential of textile enterprises (Table 1).

**Table 1** Classification of final index indicators for assessing short-term and long-term economic potential of textile enterprises

Short-term economic potential		Long-term economic potential	
$i_{mt}^{OWC} = \frac{OWC_{r_{fact}}}{OWC_{r_{plan}}}$	Self-sufficiency of the enterprise.	$i_{lt}^{OWCr} = \frac{OWC_{r_{fact}}}{OWC_{r_{forecast}}}$	The fact that the enterprise is self-financed.
$i_{mt}^{CFce} = \frac{CFC_{e_{fact}}}{CFC_{e_{plan}}}$	Current financial condition of the enterprise.	$i_{lt}^{Ar} = \frac{A_{r_{fact}}}{A_{r_{forecast}}}$	Efficiency of use of enterprise assets.
$i_{mt}^{NAVe} = \frac{NAV_{e_{fact}}}{NAV_{e_{plan}}}$	The volume of net assets of the enterprise.	$i_{lt}^{LTCf} = \frac{LTC_{f_{fact}}}{LTC_{f_{forecast}}}$	Efficiency of use of long-term capital of the enterprise.
$\overline{i_{mt}^{IS}} = \frac{OWC_{r_{fact}} + CFC_{e_{fact}} + NAV_{e_{fact}}}{OWC_{r_{plan}} + CFC_{e_{plan}} + NAV_{e_{plan}}}$	Short-term economic potential level	$\overline{i_{lt}^{IS}} = \frac{OWC_{r_{fact}} + A_{r_{fact}} + LTC_{f_{fact}}}{OWC_{r_{forecast}} + A_{r_{forecast}} + LTC_{f_{forecast}}}$	The level of long-term economic potential

It is the final index that shows the extent to which the economic potential has increased due to the involvement of reserves and potential reserves in the financial and economic activities of the enterprise.

In this case, any investor can invest in an enterprise that is convenient and efficient for him, that is, based on a high level of economic potential. The method of assessing the level of economic potential of enterprises in the textile industry has been improved on the basis of the classification of economic indicators of enterprises into short-term and long-term economic potential, and it is presented in Table 1.

The practical significance of the proposed methodology is based on the possibility of obtaining information on the economic potential of the enterprise at the stage of study as an object of investment, which reflects the factors affecting the future activities of the enterprise. Thus, the proposed methodology for assessing the economic potential of textile enterprises is based on the assessment of the final index of financial and economic activity of the enterprise. This methodology plays an important role in the preparation of analytical data on the rapid inflow of investors into the textile industry and the economic potential of national textile enterprises

in the context of liberalization of the foreign exchange market in our country.

#### 4 ANALYSIS AND RESULTS

Assessment and analysis of the economic potential of textile enterprises "BAYPAK TEXTILE" JV operating in Uchtepa district, Tashkent region, "OSBORN TEXTILE" FV operating in Bostanlyk district, Tashkent region, "UZTEX TASHKENT" JV operating in Sergeli district, Tashkent city, was carried out by "CHINOZ TEXTILE" LLC operating in Chinoz district (Table 2).

The analysis shows that the volume of production of cotton yarn at the enterprises of the textile industry, which is the object of research, decreased sharply at the enterprises of "BAYPAK TEXTILE" JV and "UZTEX TASHKENT" JV, but the cost of production increased.

In particular, the volume of production at "CHINOZ TEXTILE" LLC increased sharply, i.e. in 2014 it produced 3.9 thousand tons, in 2017 this figure almost doubled and reached 7.4 thousand tons.

Based on the proposed set of methods and indicators for assessing the economic potential of textile enterprises, we analyze the assessment of the level of economic potential of enterprises in the textile industry.

**Table 2** The dynamics of production in the textile industry, which is the object of study

Name of enterprises	Unit of measurement	year				In 2020, compared to 2017 [%]
		2017	2018	2019	2020	
"BAYPAK TEXTILE" JV	thousand tons	2.8	2.3	2.5	2.6	94.8
	billion UZS	16.2	16.5	17.9	19.0	117.1
"OSBORN TEXTILE" FV	thousand tons	5.7	5.5	6.1	6.7	117.5
	billion UZS	94.5	94.7	104.7	116.0	122.8
"UZTEX TASHKENT" JV	thousand tons	5.2	3.8	4.1	4.5	86.6
	billion UZS	39.5	39.5	42.8	46.2	117.1
"CHINOZ TEXTILE" LLC	thousand tons	3.9	5.9	6.6	7.4	191.9
	billion UZS	28.1	32.6	36.6	41.3	147.0



In particular, we analyze the key indicators for assessing the short-term economic potential of enterprises in the textile industry under analysis.

### 1. Coefficient of self-sufficiency of textile enterprises

The ratio of the company's own working capital is based on the fact that the company has its own capital and the higher the figure, the higher the company's own capital. In particular, the low normative level of this indicator in the territory of the Republic of Uzbekistan is 0.2. If the indicator is less than 0.2, then the enterprise is considered unsecured [1].

The analysis shows that in all enterprises, except for "BAYPAK TEXTILE" JV, the coefficient of working capital is higher than the established norm. It can be seen that in "BAYPAK TEXTILE" JV this indicator has been low for many years, according to experts [23], such a situation is considered as an indirect sign of incorrect reporting (Figure 3).

The following key factors contributed to the increase in the level of working capital in the analyzed textile enterprises (Figure 3):

- growth of own working capital, in particular, in "OSBORN TEXTILE" JV in 2020 the amount of working capital increased by 18.0% and amounted to 15.9 billion, in "UZTEX TASHKENT" JV - 42.5% and 13.2 billion UZS, respectively, "CHINOZ TEXTILE" LLC - 16.6% and reached 12.3 billion UZS;
- decrease in the amount of current accounts payable, in particular, the amount of current accounts payable in "UZTEX TASHKENT" JV in 2014 was 19.8 billion UZS, this figure decreased by 22.3% in 2020 or amounted to 14.6 billion UZS;
- decrease in the share of receivables from current working capital, in particular, the share of receivables in "UZTEX TASHKENT" JV in 2014 was 38.2%, in 2020 this figure decreased by 11.1% and reached 27.1%;

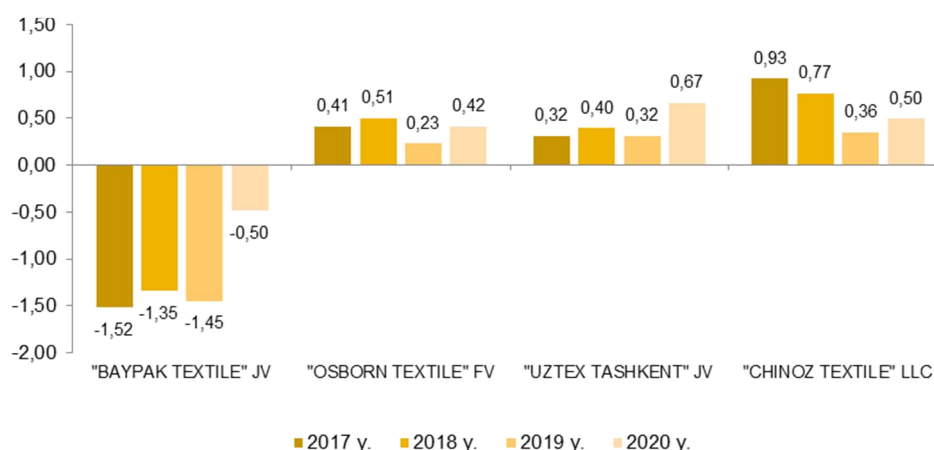
- growth of financial stability of enterprises;
- increase in the number of solvent buyers.

The low level of working capital of the textile enterprises under analysis can be justified by the following main factors:

- o "BAYPAK TEXTILE" JV does not have its own working capital, i.e. in 2017 the goods were operated on the basis of immobilization of suppliers and contractors for 2.5 billion UZS, by 2020 this figure decreased by 55.8% and amounted to 1.1 billion UZS.
- o High amount of current accounts payable, in particular, increase in current accounts payable in "BAYPAK TEXTILE" JV, i.e. in 2017 the current accounts payable amounted to 5.4 billion UZS, an increase of 7.4% in 2020 or 5.8 billion UZS, respectively, "CHINOZ TEXTILE" LLC increased 5 times and amounted to 17.0 billion UZS;
- o High share of receivables from current working capital, in particular, the share of receivables in "BAYPAK TEXTILE" JV in 2018 was 35.4%, in 2018 this figure increased to 16.3% and reached 51.7%. Respectively, the share of receivables in "CHINOZ TEXTILE" LLC increased from 28.2% (in 2014) to 51.1% in 2017 or 22.9% compared to 2017, in "CHINOZ TEXTILE" LLC in 2018 to 15.4% reached 61.6% in 2020 or increased by 46.2% compared to 2014.

### 2. Current liquidity ratio of textile enterprises

Liquidity indicator, which determines the financial condition of the enterprise, plays an important role in assessing the economic potential of enterprises in the textile industry. After all, the main purpose of the analysis of the financial condition of enterprises is to justify decisions about the unsatisfactory composition of the balance sheet or insolvency of the enterprise according to the system of criteria for determining the unsatisfactory composition of the balance of insolvent enterprises.



**Figure 3** The dynamics of the coefficient of capital adequacy of enterprises in the textile industry

In particular, if the normative level of the current liquidity ratio in the territory of the Republic of Uzbekistan is lower than 1.25, then the enterprise is considered illiquid, i.e. insolvent [23]. During the years of analysis, the current liquidity ratio of "BAYPAK TEXTILE" JV was much lower than the norm. However, in other textile enterprises under analysis, this figure is high, on the one hand, it is considered a positive situation, on the other hand, it means that enterprises do not use working assets enough and there are barriers to obtaining short-term loans.

As can be seen from Figure 4, in 2020 compared to 2017, the solvency of "CHINOZ TEXTILE" LLC decreased sharply, which can be explained by an increase in short-term liabilities of the enterprise. The growth of the current liquidity ratio of the analyzed textile enterprises was influenced by the following key factors:

- growth of own funds of enterprises, in particular, in "OSBORN TEXTILE" FV in 2017 the amount of own funds was 62.0 billion UZS, this figure increased by 8.7% in 2020 or 67.4 billion UZS, respectively, "UZTEX TASHKENT" JV in – 2 times and 60.5 billion UZS, in "CHINOZ TEXTILE" LLC - increased by 2.2% and amounted to 42.7 billion UZS;
- decrease in the amount of short-term liabilities, in particular, the amount of short-term liabilities in "UZTEX TASHKENT" JV in 2017 amounted to 19.8 billion UZS, this figure decreased by 34.5% in 2020 or amounted to 13.0 billion UZS;
- increase in revenue from sales of products, in particular, in "OSBORN TEXTILE" FV in 2017 the revenue from sales of products amounted to 73.9 billion UZS, this figure increased by 52.2% in 2020 or 112.5 billion UZS, respectively, "CHINOZ TEXTILE" LLC - 40.2% and 36.6 billion UZS;

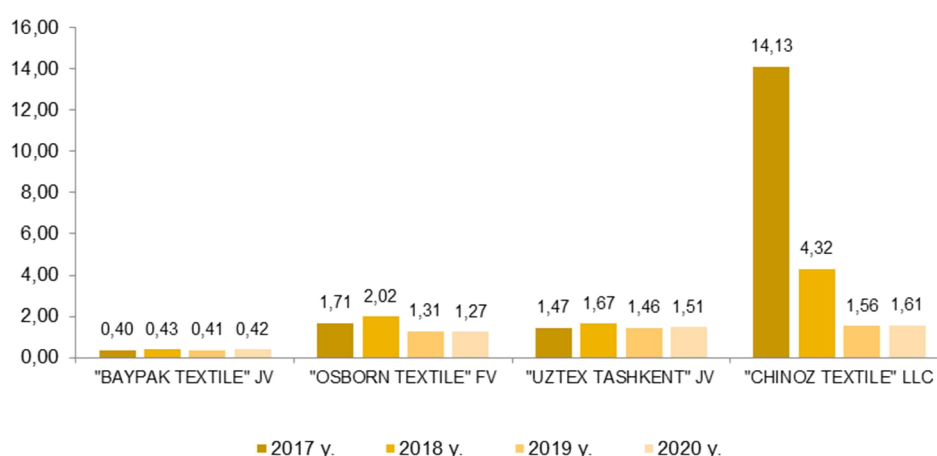
- collection of receivables, in particular, the amount of receivables in "UZTEX TASHKENT" JV in 2017 amounted to 11.1 billion UZS, while in 2020 this figure decreased by 47.9% or 5.8 billion UZS;

The decrease in the current liquidity ratio of the enterprises of the textile industry under analysis was influenced by the following main factors:

- high volume of finished products in warehouses, including above the norm, although the amount of finished products in the enterprises decreased in the analyzed years. In particular, in the warehouses of "OSBORN TEXTILE" FV in 2017 were not sold finished products worth 6.7 billion UZS, this figure decreased by 15.7% in 2020 or 5.6 billion UZS, respectively, in "UZTEX TASHKENT" JV – 62.1% and 1.3 billion UZS;
- increase in the amount of short-term liabilities, in particular, the amount of short-term liabilities in "BAYPAK TEXTILE" JV in 2017 amounted to 4.1 billion UZS, this figure increased by 27.4% in 2020 or 5.2 billion UZS, respectively, "OSBORN TEXTILE" FV - 57.6% and 30.0 billion UZS. The highest growth rate of short-term liabilities was observed in "CHINOZ TEXTILE" LLC, which in 2017 increased 19 times compared to 2017 and amounted to 15.2 billion UZS;
- decrease in income from sales of products, in particular, the amount of income from sales of products in "UZTEX TASHKENT" JV in 2017 amounted to 43.8 billion UZS, while in 2020 this figure decreased by 23.5% or 33.5 billion UZS.

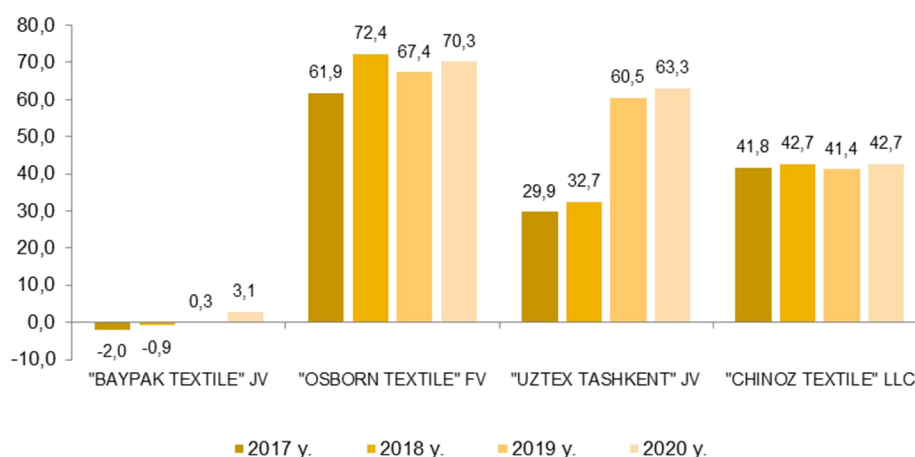
### 3. The value of net assets of enterprises of the textile industry

The value of net assets of all textile enterprises under analysis is growing year by year, and its highest rate is observed in "OSBORN TEXTILE" FV and "UZTEX TASHKENT" JV (Figure 5).



**Figure 4** Dynamics of current liquidity ratio of textile enterprises





**Figure 5** Textile industry enterprises net asset value dynamics

During 2017-2020, the value of net assets in "BAYPAK TEXTILE" JV was negative, which indicates the insolvency of the enterprise and the fact that the enterprise is dependent on creditors and does not have its own funds. The growth of the value of net assets of the analyzed textile enterprises was influenced by the following main factors:

- decrease in the amount of short-term liabilities, in particular, the amount of short-term liabilities in "UZTEX TASHKENT" JV in 2017 amounted to 19.8 billion UZS, this figure decreased by 34.5% in 2020 or amounted to 13.0 billion UZS;
- growth of net profit, in particular, net profit of "OSBORN TEXTILE" FV in 2020 amounted to 9.4 billion UZS, an increase of 16.7% compared to 2017. Thus, in 2020 alone, compared to the previous year, due to the proposal of "OSBORN TEXTILE" FV to accelerate the turnover of overdue receivables and payables in order to reduce the share of other operating expenses in current expenses, the share of other operating expenses in current expenses decreased by 35.8%, increased by 97 billion UZS.

The decrease in the value of net assets of the analyzed textile enterprises was due to the following main factors:

- growth of overdue receivables, in particular, overdue receivables in "BAYPAK TEXTILE" JV in 2020 increased by 2.5 times, in "OSBORN TEXTILE" JV - by 3.1 times and in "CHINOZ TEXTILE" LLC - by 15.5 times.
- decrease in net profit, in particular, net profit of "UZTEX TASHKENT" JV in 2017 was 680.2 million UZS, this figure decreased by 112.9 times or 6.1 million UZS in 2020, respectively, "CHINOZ TEXTILE" LLC – 82.6% and amounted to 0.2 billion UZS.

Based on the above indicators, we assess the level of short-term economic stability of textile enterprises.

The calculations are made on the principle of the ratio of the actual state of the absolute indicators to the planned indicators, which is the basis for the analyzed coefficients.

The results of the calculations show that during the analyzed years, the level of short-term economic potential of "OSBORN TEXTILE" FV and "CHINOZ TEXTILE" LLC is high (Figure 6). This indicates that investors have a high chance of making a profit by making short-term investments in these enterprises.

However, the results of the above analysis show that in addition to positive changes in all enterprises, negative trends, namely, creditor debts, chronic increase in overdue receivables, as well as a decrease in sales revenue and net profit can be observed.

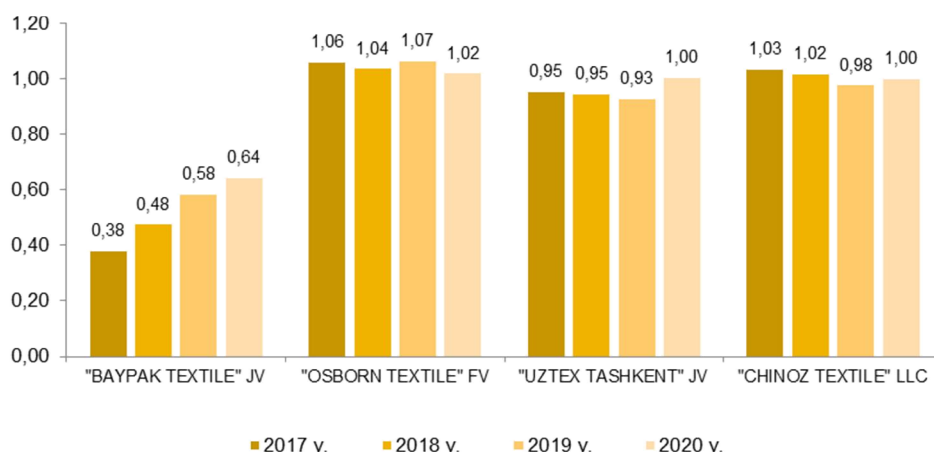
It should be noted that the level of short-term economic potential of "BAYPAK TEXTILE" JV has been growing steadily over the years, but the current level is not positive for investors, so the company needs to develop the necessary economic support and mechanisms.

In the research we analyze the textile industry enterprises, which are the object of research, on the basis of the proposed key indicators to assess the long-term economic potential of enterprises. In particular, to assess the long-term economic potential, the coefficients of return on equity, assets and long-term capital of textile enterprises were determined.

#### 1. Return on assets of textile enterprises

It is known that the change in the rate of return on assets of the enterprise is influenced by the following factors:

- organizational and technical level of production;
- asset structure;
- intensive use of production resources;
- composition and volume of manufactured products;
- benefits by type of activity, etc.



**Figure 6** Dynamics of the level of short-term economic stability of textile enterprises

The analysis of the return on assets ratio of enterprises shows that in the enterprises of the textile industry under analysis, this figure was at different levels in different years. In particular, the return on assets is the analysis of the effective use of assets in the enterprise or interprets the financial result obtained from invested capital and is determined by the ratio of net profit to the average annual value of assets.

In particular, during the analyzed years, the return on assets is high in "BAYPAK TEXTILE" JV (2017-2020) and "OSBORN TEXTILE" FV (Figure 7).

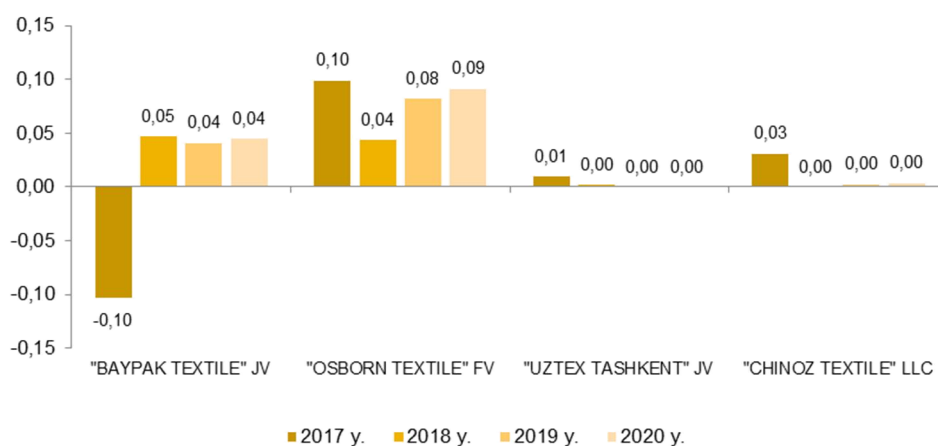
In particular, in 2017, the assets of "BAYPAK TEXTILE" JV turned 7.2 times a year, but due to the high exchange rate differences (6.1 billion UZS); the return on assets of the company fell sharply to 0.10. In the remaining years, the turnover of assets decreased, but was much higher than in other enterprises and fluctuated in the range of 3.8-5.4 times in the analyzed years. Also, in the years analyzed at "OSBORN TEXTILE" FV, it fluctuated between 2.2 and 3.0 times.

In this case, in the "UZTEX TASHKENT" JV oscillated only 0.9-1.7 times, and in the "CHINOZ TEXTILE" LLC - 1.2-2.3 times. These enterprises

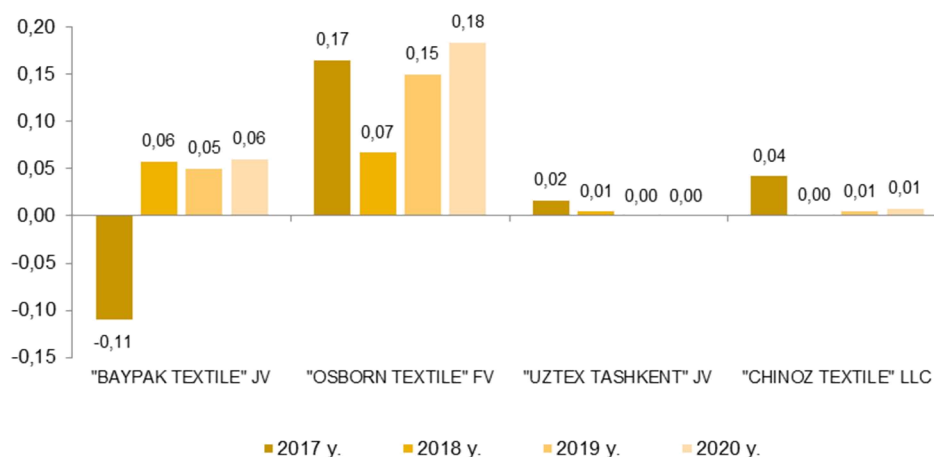
also had high levels of production, operating costs and exchange rate differences. These factors are the basis for the negative return on assets in the textile industry enterprises under analysis.

However, in 2020 only, due to the proposal of "CHINOZ TEXTILE" LLC to develop a monetary policy for the timely payment of raw materials received in foreign currency, the company's "exchange rate difference costs" decreased by 26.9% and the economic potential of the company was 394.6. mil. UZS. Also, as a result of the proposal to accelerate the turnover of receivables, i.e. a letter to the tax authorities to collect tax debts from debtors and the decision of the Economic Court, the overdue receivables of "CHINOZ TEXTILE" LLC decreased by 10.2% and the economic potential of the enterprise 2 294.3 mil. UZS.

"UZTEX TASHKENT" JV in 2017 compared to the previous year, due to the proposal to develop a monetary policy for the timely payment of raw materials received in foreign currency, the "exchange rate difference costs" decreased by 22.4% and the economic potential of the enterprise amounted to 1 167.5 mil. UZS.



**Figure 7** Dynamics of asset return ratio of textile enterprises



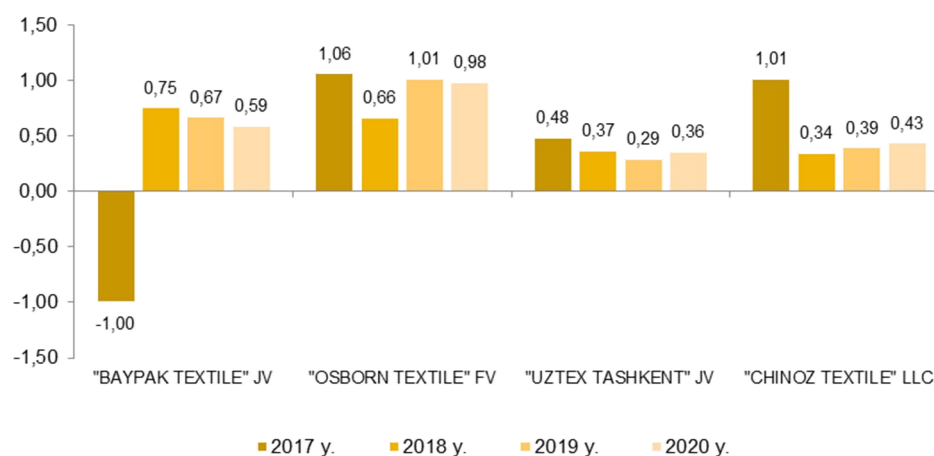
**Figure 8** Dynamics of long-term asset return ratio of textile enterprises

## 2. Coefficient of return on long-term assets of enterprises of the textile industry

The long-term assets of the analyzed textile enterprises were as follows: in 2020, fixed assets (1.4%) and capital investments (98.6%) in "BAYPAK TEXTILE" JV, fixed assets in "OSBORN TEXTILE" FV (92,7%), equipment and devices (2.4%) and capital investments (4.9%), "UZTEX TASHKENT" JV fixed assets (96.2%), long-term receivables (3.6%) and capital investments (0.02%), "CHINOZ TEXTILE" LLC fixed assets (100%). In general, the long-term asset return ratio of the textile enterprises under analysis is directly related to the profit received. In this regard, in the analyzed years, "BAYPAK TEXTILE" JV and "OSBORN TEXTILE" FV also had a high rate of return on long-term assets due to higher profits than other enterprises (Figure 8). Also, taking into account the fact that 71.4% of fixed assets of "BAYPAK TEXTILE" JV are obsolete, as a result of the implementation of the proposal to develop a "policy of modernization of the enterprise" to update them, the economic potential of the enterprise in 2020 increased by 16.5%. The low return on long-term assets of "UZTEX

TASHKENT" JV and "CHINOZ TEXTILE" LLC is explained by a sharp decline in profits due to high production, operating costs and exchange rate differences. In addition, new fixed assets purchased by enterprises for the purpose of modernization of production and its high price have also affected the return on long-term assets, and this is not a negative indicator.

Based on the results of the above indicators, we will assess the level of long-term economic stability of textile enterprises. The calculations are made on the principle of the ratio of the actual state of the absolute indicators to the forecast indicators, which is the basis for the coefficients being analyzed. From the results of the calculations it can be concluded that during the analyzed years, only the level of long-term economic potential of "OSBORN TEXTILE" FV was high and fluctuated between 0.66 and 1.06. It is usually sought by investors as an opportunity to make long-term profits by investing in businesses. In this regard, in our opinion, the level of long-term economic potential of "OSBORN TEXTILE" FV may be of interest to investors (Figure 9).



**Figure 9** Dynamics of the level of long-term economic stability of enterprises in the textile industry

During the analyzed years, the level of long-term economic potential of other enterprises fluctuated, and in recent years there has been a moderate growth trend in "UZTEX TASHKENT" JV and "CHINOZ TEXTILE" LLC. The main reason for the low level of long-term economic potential in all textile enterprises, except for "OSBORN TEXTILE" FV, is the slow turnover of assets and the high level of production, operating costs and exchange rate differences.

## 5 CONCLUSIONS

It is known from world practice that any state seeks to ensure sustainable economic growth in the country by ensuring the economic security of enterprises in its economy and improving the living standards of the population. Despite the urgency of security issues, the economic security of enterprises and the system of its evaluation indicators are not sufficiently studied, and the extent to which its level meets modern requirements remains one of the most pressing issues. It is known that the essence of the level of economic security at the micro level is determined by appropriate criteria and indicators. The set of economic security criteria and their constituent indicators should be as accurate as possible to reflect the activities of the entity under study, all components that affect its economic situation, as well as to identify appropriate threats to economic security. Criteria for assessing economic security may include: the state of resource potential and its development potential, the efficient use of resources, capital, labor, the competitiveness of the economy, the ability to withstand external threats, social stability and the ability to resolve social conflicts.

In summary, the level of economic potential of the analyzed textile industry enterprises varies from year to year and is mainly influenced by the growth or decrease of net profit of enterprises, the amount of receivables and payables, slow turnover of assets, production, operating costs and exchange rate differences the amount is high.

In this regard, the development and implementation of modern methods, mechanisms and supports to increase the economic potential of textile enterprises in the future will create the basis for achieving the established economic efficiency.

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