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THE ECONOMIC SIGNIFICANCE OF VERTICALLY INTEGRATED VALUE CHAINS IN THE TEXTILE INDUSTRY AND SPECIFIC FEATURES OF FIXED CAPITAL ACCOUNTING

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Annotation

This article examines the economic significance of vertically integrated value chains in the textile industry within the national economy, their role in enhancing production efficiency, and the specific features of fixed capital accounting in such systems. The study analyzes the impact of vertical integration on the investment climate, mechanisms for managing capital flows, and approaches to improving accounting systems. The research findings demonstrate that optimizing fixed capital accounting in vertically integrated textile enterprises contributes to improved financial stability and long-term competitiveness.

Keywords: Textile industry, vertical integration, fixed capital, capital accounting, economic efficiency.

Introduction

In the global economy, the organization of production based on vertical integration has become one of the key factors in increasing industrial competitiveness, ensuring efficient resource utilization, and improving the effectiveness of capital investments. In particular, within the textile industry—characterized by its potential to generate high value-added products—vertically



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integrated value chains serve as a critical mechanism for achieving sustainable economic growth.

In the context of Uzbekistan's economic development, the rapid expansion of the textile sector requires coordinated management of all production stages, ranging from raw material processing to the manufacture and export of finished textile products. This process necessitates a systematic approach to capital planning, efficient capital accounting, and the coordination of financial flows across production units.

From this perspective, the scientific analysis of fixed capital accounting features within vertically integrated textile value chains, and their relationship with economic efficiency, represents a pressing research and practical issue.

Literature Review and Methodology

Economic literature extensively addresses issues related to production integration and capital efficiency. M. Porter conceptualized vertically integrated production systems as a fundamental driver of industrial competitiveness. Studies by foreign and CIS scholars interpret integration as a mechanism for accelerating capital turnover and reducing production costs.

Research conducted by Uzbek economists has focused on the development of the textile industry, investment attraction, and productivity growth. However, the systemic and comprehensive analysis of fixed capital accounting within vertically integrated textile value chains remains insufficiently explored [1:42].

This study employs systematic analysis, comparative methods, economic-statistical analysis, scientific abstraction, as well as induction and deduction methods. These approaches enable an assessment of the impact of fixed capital accounting on overall economic performance.



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Discussion and Results

The economic importance of vertically integrated value chains in the textile industry is primarily determined by their ability to generate high value added through continuity and technological coherence in production processes. The integration of raw material processing, intermediate production stages, and final textile manufacturing within a unified managerial and technological framework significantly enhances resource efficiency. As a result, production cycles become more streamlined, while time losses and transaction costs are substantially reduced.

Under vertically integrated systems, coordinated technological processes ensure optimal utilization of production capacities, stable product quality, and lower unit production costs. Importantly, the deep processing of intermediate products within integrated enterprises—rather than exporting them as semi-finished goods—expands the value chain and increases profitability. This creates a solid economic foundation for producing competitive textile products in both domestic and international markets [5:63].

Moreover, the unification of production stages simplifies management structures and enables effective coordination of material and financial flows. Consequently, capital turnover accelerates, conditions for technological innovation improve, and the overall economic efficiency of production activities increases. Thus, vertically integrated textile value chains act not only as a catalyst for sectoral development but also as an important mechanism for structural transformation and sustainable economic growth at the national level.

Cost reductions within such systems are largely attributed to optimized logistics and centralized management. These factors contribute to higher capacity utilization rates, shorter capital payback periods, and improved investment efficiency [2:117].



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Vertically integrated textile value chains also exert a strong positive influence on regional economic development. The concentration of production activities within specific regions leads to the creation of new jobs, enhancing employment levels and supporting social stability. In addition, the expansion of related sectors—such as logistics, services, transportation, and trade—stimulates the development of regional labor markets.

Furthermore, the focus on finished textile production increases the share of high value-added goods in exports, strengthening regional export potential and ensuring stable foreign currency inflows. As a result, regional economies become more deeply integrated into global markets, thereby enhancing the overall competitiveness of the national economy [2:83].

At the same time, the development of vertically integrated textile systems stimulates the modernization of industrial infrastructure. Improvements in energy supply, transport and logistics networks, engineering communications, and industrial facilities increase regional investment attractiveness. This, in turn, creates favorable conditions for attracting new enterprises and additional capital investments. Overall, vertically integrated textile value chains function as a key driver of regional development, reinforcing national economic stability and supporting long-term growth.

The specific features of fixed capital accounting in vertically integrated textile systems include:

- diversification of capital sources;
- dominance of long-term capital investments;
- technological complexity of production assets;
- close interconnection between depreciation and reinvestment processes [3:91].

Effective organization of fixed capital accounting plays a crucial role in ensuring transparency of capital flows and in forming a reliable, timely, and



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comprehensive information base for managerial decision-making. A well-structured accounting system allows enterprises to systematically record, monitor, and analyze the movement, utilization, and renewal of fixed assets, making it possible to clearly identify the structure and dynamics of capital investments. As a result, management gains objective information on the efficiency of capital allocation, asset productivity, and the degree of depreciation, which is essential for making informed strategic and operational decisions.

Such transparency significantly reduces financial risks by enabling early detection of inefficiencies, cost overruns, and deviations from planned investment indicators. Accurate and consistent accounting data improve internal control mechanisms, limit the likelihood of misallocation of financial resources, and enhance compliance with financial and regulatory requirements. In addition, transparent fixed capital accounting strengthens the confidence of investors, creditors, and other stakeholders, thereby improving access to external financing and lowering the cost of capital[3:71].

Furthermore, a scientifically grounded approach to fixed capital accounting creates favorable conditions for effective investment planning. Detailed information on asset life cycles, depreciation schedules, and capital renewal needs supports the development of long-term investment strategies aligned with production goals and market demand. This enables enterprises to optimize capital investment priorities, ensure continuity of production processes, and enhance overall financial stability and competitiveness. In this context, effective fixed capital accounting serves not only as a technical financial function but also as a strategic tool for sustainable economic development [4:68].



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Conclusion

In conclusion, vertically integrated value chains in the textile industry represent a crucial factor in enhancing national economic competitiveness. Improving fixed capital accounting within these systems contributes to higher production efficiency, strengthened financial stability, and sustainable long-term economic growth.

The findings of this study may be utilized in developing practical recommendations aimed at improving capital accounting practices and financial management in the textile industry.

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