



## **International Congress on Economics, Management and Business Studies**

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### **MECHANISM FOR IMPLEMENTING AN INNOVATIVE DEVELOPMENT STRATEGY IN TEXTILE ENTERPRISES**

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#### **Abstract**

This article examines the mechanism for implementing an innovative development strategy in textile enterprises. A conceptual model for developing and implementing a strategy aimed at fostering innovative activity within enterprises is substantiated.

The innovative development strategy of each business entity is designed and formed with consideration of its specific characteristics and operational conditions. At the same time, the strategy for the development of innovative activity aims to increase the sensitivity, rationality, and intensity of the innovation process, ensure the efficient use of available resources, and ultimately achieve the intended objectives of innovation.

The perception of innovation within an enterprise may manifest either in the recognition and acceptance of innovations—when the production system is interested in and ready to implement them—or in their rejection if they contradict the enterprise's interests or if the production system is not prepared to adopt them. The effectiveness of managing innovative activity within an enterprise largely depends on the management technology applied to this activity, that is, the sequence of decisions adopted and implemented to achieve the set objectives. At the same time, the intensity of managerial work is usually not uniform across different stages of the process.



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In industrial enterprises, the introduction of innovations is increasingly regarded as the primary means of maintaining the competitiveness of produced goods, ensuring high rates of development, and preserving profitability.

According to the analysis of statistical data related to textile industry production, several weaknesses characterize the competitive position of Uzbekistan's textile sector. These include the obsolescence of weaving equipment, a shortage of qualified engineering and technical specialists, a low level of specialization within textile production, and the insufficient development of domestic fabric manufacturing oriented toward the production of garments and knitted goods.

In several regions, a low level of fiber processing development has been identified, as well as a limited number of enterprises that have implemented quality management systems in accordance with international standards. The relatively low competitiveness of the country's non-raw material products indicates the necessity of addressing a number of organizational and economic issues.

A distinctive feature of Uzbekistan's textile sector is the dominance of primary raw material processing and the relatively low level of deep processing of raw materials. Despite the economic advantages of deep processing and the fact that Uzbekistan ranks sixth globally in cotton fiber production and third in its export, only about 65 percent of the cotton fiber produced in the country is processed domestically. This demonstrates the considerable potential for further development of the industry.

As a result, although Uzbekistan accounts for approximately 4 percent of global cotton production, its share in global cotton textile manufacturing remains below 1 percent. Similarly, the shares of fabric, textile, ready-made knitwear, and garment production remain low, as only about half of the produced fiber is



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processed for domestic needs. This situation highlights the need to improve the technological cycle in the textile industry.

The research revealed that the management of innovative development within an enterprise represents an objective, goal-oriented, dynamic, and balanced process. It is aimed at achieving a qualitatively new synergistic state in the innovative directions of organizational, economic, and production development. The implementation of these directions requires the application of a comprehensive mechanism appropriate to the enterprise's conditions.

The process of developing and implementing a strategy for innovative activity should be systematic and consistent. Therefore, it is necessary to construct an algorithm that reflects all the main stages of this process. Depending on the sector, production scale, and corporate governance system, the tasks performed and their content may vary.

Strategy formulation involves determining the directions of innovative development based on the enterprise's existing tangible and intangible resources, assessing the company's competitive profile, and considering the influence of both external and internal environmental factors.

When determining the objectives of innovative development, the enterprise's innovation goals may include diversification, expansion of market share, enhancement of competitiveness, reduction of production costs, efficient utilization of resources, improvement of solvency and financial stability, and increased effectiveness of the management system.

To form a strategy for innovative activity development, it is essential to define the objectives of innovation activity within the enterprise, reflecting its mission and vision as well as its economic, managerial, and social philosophy. These objectives significantly influence organizational effectiveness. Only after the primary goals of innovative development have been clearly defined should the



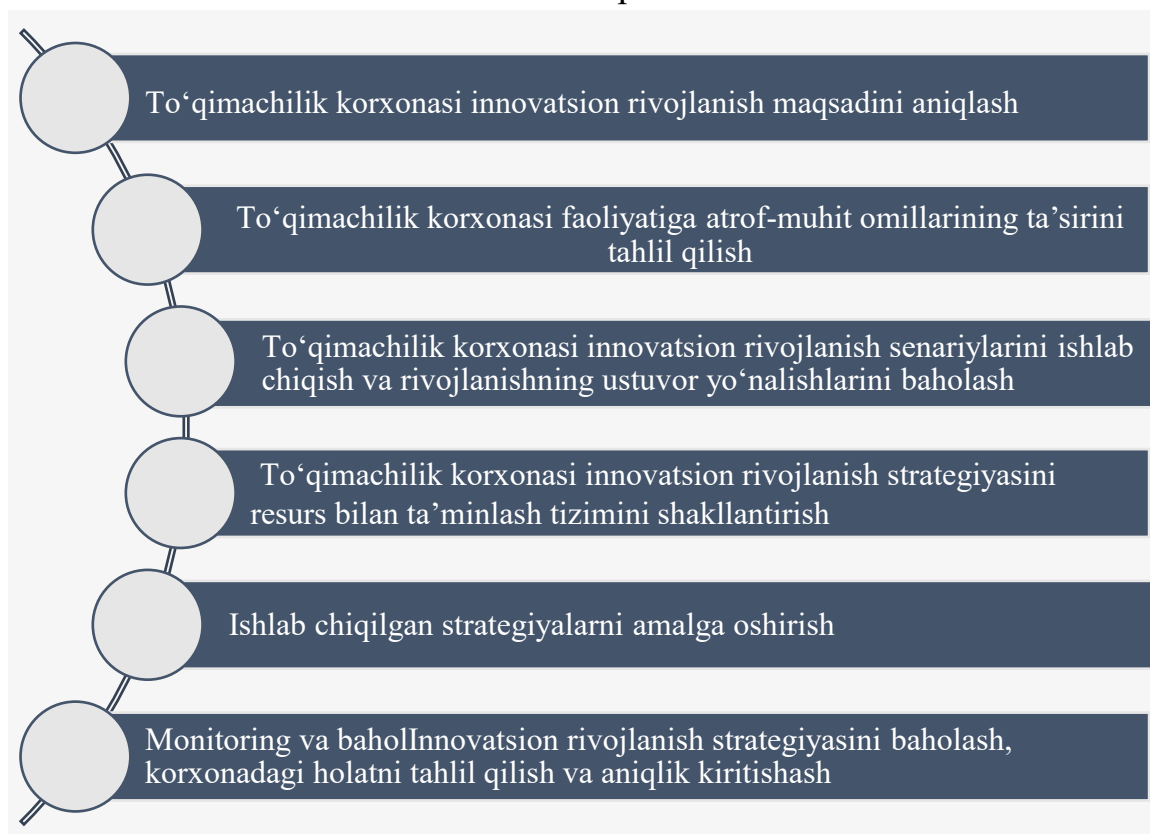
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enterprise begin searching for ways to achieve them. Typically, the economic objective of enterprises engaged in innovative activity is to ensure growth in income and improve the effectiveness of all management subsystems through a transition to an innovation-driven development model.



**Figure 1. Conceptual model for the development and implementation of an innovative activity development strategy.**

In our opinion, the formation of a strategy for developing innovative activity in an enterprise should begin with an analysis of the impact of environmental factors. Assessing environmental influences involves studying the organization’s



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competitive profile, determining its position in the market, evaluating risks and potential threats, identifying strengths and opportunities, and analyzing the financial condition of the enterprise.

When analyzing and evaluating the external environment, the enterprise's macro- and micro-environmental factors that exert the greatest influence on its activities can be examined using SWOT analysis. This stage also includes consideration of the stages of the product life cycle, which enables the enterprise to assess the need for investment in new and improved products in order to prevent the deterioration of its market position in the future. Portfolio analysis models may also be applied to determine the current position of the business and to develop potential directions for future growth.

The next task in developing an innovative development strategy is the analysis of the current state of innovative development. At this stage, it is necessary to identify key indicators of innovative activity, including:

- the share of expenditures on research and development and innovative technologies in the total volume of marketable products;
- the share of costs associated with machinery and equipment used for production modernization within the total volume of investments in fixed capital;
- the share of income generated from research and development and technological innovations within the total revenue of the enterprise;
- the profitability of innovation investments and their payback period.

The purpose of this stage in forming an enterprise's innovative development strategy is to determine the key indicators of innovative activity. This involves analyzing indicators grouped into blocks that reflect the intensity and rationality of the innovation process, the organization's readiness for innovation, the efficiency of resource utilization, and the achievement of innovation outcomes.



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The assessment of innovative activity is carried out through organizational-managerial, resource, process, and result-based blocks.

The final key task involves developing scenarios for innovative development and evaluating priority areas of growth. At this stage, expert evaluation methods are applied, particularly approaches based on selecting the most appropriate alternative according to multiple evaluation criteria.

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