AMERICAN JOURNALS
Open Access, Peer Reviewed Journals
American Journal of Business Management, Economics and Banking
ISSN (E): 2832-8078 Volume 11, | April, 2023

# RISK ASSESSMENT FOR ENHANCING THE EFFECTIVENESS OF TEXTILE INDUSTRY ENTERPRISES

Bahadirov Numonkhan Kamolkhanovich,
Fergana Polytechnic Institute,
Independent Researcher

| A B S T R A C T | K E Y W O R D S |
|---|---|
| As a result of the research carried out in this article, the main stages of the qualitative analysis of the risks arising in the improvement of the efficiency of the textile and clothing industry are formed and based. Also, their brief descriptions are given and specific features of qualitative risk analysis are described. | textile industry, efficiency, risk analysis, risk, assessment. |

## Introduction

The presence of a significant element of uncertainty that shapes both the behavior of each individual firm and the dynamics of the system's development as a whole characterizes the conditions of market economic systems, where this activity of economic entities is the hallmark. A set of factors that cannot consistently predict changes in the individual parameters of the system and the behavior of its participants define this economic uncertainty. Its objective aspect, which means that the presence of uncertainty is a necessary precondition for the development of market relations because this uncertainty reflects the actual reality that exists in some areas, distinguishes uncertainty from risk.

This is further explained by this nature of their communication and the lack of adequate analytical assistance capable of addressing the complete area of management decisions made by economic entities. In light of this, scientists have created the economic category of "risks" derived from this concept in order to qualitatively and quantitatively measure the degree of influence of the factor of uncertainty. As a result, this category describes the subjective level of the realized threat that the appropriate management decision has been made by the economic entity.

## LITERATURE ANALYSIS

According to Morev, "Risk is the end result of either inaction or action, which describes the real possibility of unforeseen consequences of various kinds, which can then have both positive and negative effects on the financial and economic activity of the enterprise. "Acknowledging that risks can be positive or negative, risk optimization helps find a balance between the downside of risk and the benefit of operating or operating under risk conditions[1].

---

[1] Morev K.S. Otsenka riskov finansovo-hozyaystvennoy deyatelnosti predpriyatiya. Problemy upravleniya rynochnoi ekonomikoi: mejregionalnyi sbornik nauchnykh trudov. 2015. S. 34–37.

Gabunia N.G. and Korelin K.V.'s research suggests that businesses should use risk management to avoid costly mistakes in analyzing potential risks and balancing potential benefits with potential problems. The accurate identification of the risk and subsequent management of it determine the financial standing of the corporate entity. According to Stebner et al., "a business risk management system should be based on a specific sequence of actions aimed at identifying, evaluating, and either preventing risk or reducing it to an acceptable level."

## RESEARCH METHODOLOGY

This article is devoted to the effective evaluation of potential risks that may come from the use of risk in resolving the uncertainties seen in the operations of textile industry firms. and many additional techniques are employed.

## ANALYSIS AND RESULTS

When compared to levels and values calculated based on the assumptions of the most logical use of resources and the acceptable scenario, production risk is the likelihood of losing some resources and not earning any money as market conditions change.

According to Gubin N.G. and Korelin K.V. research, there are three main factors that can be used to define risk: competitiveness, the presence of a subjective need to make a choice in order to reap certain benefits or prevent unfavorable outcomes, and the information gap brought on by the impossibility of obtaining complete economic information. owing to the current state of the market, it is conceivable to accept small economic levels that could pose a risk, but it is hard to make a thoughtful decision because it is impossible to predict the dynamics of specific processes with sufficient accuracy owing to randomness.[2] A source of potential risk and material losses, or a source of possible opportunity and financial gain, are the two ways that risk is traditionally thought of. It should be highlighted, though, that contemporary risk managers have adopted a dual understanding of risk as, on the one hand, the prospect of possible risk realization and, on the other hand, as a phenomenon that can be efficiently controlled. Increasing revenue and reducing the enterprise's cost parameters. Risk optimization assists in striking a balance between the downside of risk and the advantage of running or operating under risk conditions, taking into account that risks can be either positive or negative.[3] Research shows that risk management in its modern sense should cover a number of areas of management activity (Figure 1).

---

[2] Gabunia N.G., Korelin K.V. Ekonomicheskaya bezopasnost predpriyatiya i upravlenie riskami. Izvestia Sankt-Peterburgskogo gosudarstvennogo ekonomicheskogo universiteta. 2015. No. 4. S. 79–81.

[3] Shtebner S.V., Chubrina K.A., Lebedev I.A. Factors of economic development of enterprise textile industry. Technology tekstilnoy promyshlennosti. 2018. No. 5. S. 51–54.

Risk management guidelines

- 1-direction: Continuous observation of the internal and external environments in which the business operates for the occurrence of events that could pose a threat to safety or act as a source of hazard.
- 2-direction: Establishing processes for organizing actions to reduce already-existing risks and putting preventative measures into action to stop them from happening.
- 3-direction: Evaluating and analyzing the possibilities of eliminating existing risks or obtaining certain material benefits, developing measures to optimize them.
- 4-direction: Following up on the execution of the developed strategies, assessing the outcomes, and modifying the pertinent risk management policy as needed.

**Figure 1. Directions of modern risk management**

In considering the above, the primary objective of management in the field of risk management is to establish such conditions that even the worst-case scenario only results in a slightly determined decrease in the level of the intended result, preserving the enterprise's guaranteed viability. Since the financial health of the business entity depends on the accurate identification of the risk and its subsequent management, the process of assessing the current risks and the associated analysis demand special attention.

Both qualitative and quantitative theoretical techniques have historically been used in such evaluation. In this work, we suggest applying a qualitative approach to economic and mathematical analysis methodologies to identify the cause-and-effect links between a collection of complicated economic occurrences and further evaluate them, which cannot be done using a quantitative strategy. since not all phenomena can be expressed quantitatively. This can be accomplished by taking into account the primary phases of qualitative analysis in the risk management process depicted in Figure 2.

A qualitative approach to the stages of risk assessment

- I stage: Analysis of the organization's potential to counteract external challenges, its existing financial and economic status, and its future growth.
- II stage: Identification of risks (identification of the list of risks that are likely to pose a risk to the enterprise).
- III stage: Diagnostics of risks (identified sources, identified risks, assessment of the financial and economic consequences of their implementation).
- IV stage: Identifying the elements that influence the types of risks that have been discovered, the techniques the company uses to try to reduce those risks, and the extent and nature of the external environments influence аниқлаш.
- V stage: Develop directions for effective risk management, develop specific management solutions for their subsequent elimination.

Figure 2. A qualitative approach to the stages of risk assessment

The first stage of the qualitative analysis entails a thorough economic evaluation of the enterprise's current state, identification of the major issues and potential risk factors at the organizational internal level, and a thorough examination of external economic factors, which entails understanding the risks and potential directions for both development and improvement. The second stage is pinpointing specific issues that could either provide a short-term or long-term danger to the organization's ability to operate sustainably.

The qualitative diagnostic of hazards, or the determination of their unique origins and potential effects of activation, is the third stage. The investigation of external environmental elements, which have a direct impact on the degree of exposure to a particular risk, is necessary for the fourth stage. The analysis of the factors should also be taken into account in regard to any potential business risk-reduction actions that might be implemented. Creating particular management strategies to control or eliminate recognized risks is the fifth phase.

As a result, the procedures outlined above for a qualitative assessment of the risk of enterprise activity demonstrate the difficulty and impossibility of applying a fragmented approach to the process of understanding this issue and developing suitable measures. The Fergana region's textile industry was chosen for this study, and it should be highlighted that highly encouraging tendencies are emerging in the growth of this area's economy. In example, in 2021, despite the industry's overall decrease, the textile industry ranked among the top producers in terms of production volume increase, at 15.3% during this time, compared to 84.7% for all areas.

If we examine the role that domestic textile producers play in the structure of global production and consumption, they account for 0.013-0.038% of production volume and 0.03-0.05% of consumption. The general technological advancement of the regional economy and the expansion of the textile sector also contribute to the explanation of the aforementioned figures. Similar circumstances can be seen in the technical and technological aspects of neighborhood small businesses.

Therefore, the problem of modernization of production equipment is urgent, and its scale and speed depends on the availability of scientific research and development for the textile industry, the production capacity and progress of new technology, the investment opportunities of enterprises, as well as the availability of highly qualified personnel. Taking into account that the textile industry is a large employer, about 47.5% of people work in this sector in Fergana region, which is 5.9% of the personnel potential of the sector, the second raised issue requires relevance only in the sector.

It should be noted that the goods produced by the region's textile and apparel industry currently have a place and a position on the markets of the Republic and a few international nations. The high consumer quality of the textile and apparel produced in the Fergana region, which are exhibited by their absence of poisonous or synthetic elements typical of imported goods, are another distinguishing attribute of these products. The following dangers were discovered during the research in the Fergana region's textile and apparel sector firms' operations (Figure 3)

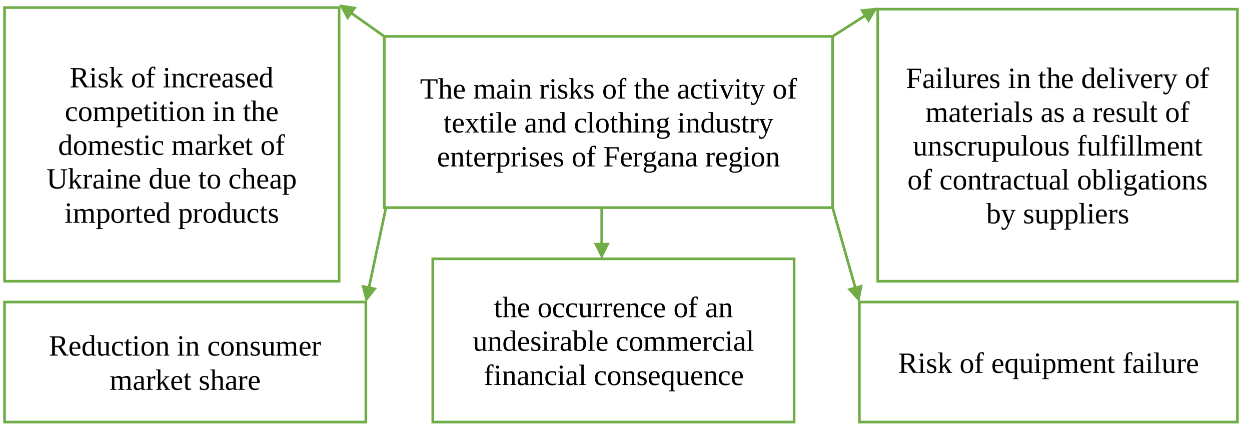


**Figure 3. The main risks of the activity of textile and clothing industry enterprises of Fergana region**

According to the study's findings, it is possible to quickly discuss the nature of the dangers shown in Figure 3. First off, because of the low cost of imported goods, there is a possibility of increasing competition in the Fergana region's internal market. The entry of new competitive producers with significant production capacities into the market, offering inexpensive products of low consumer quality, may be caused by the globalization of the international trade system and the country's entry into the region of so-called free trade zones with powerful countries producing textile materials.

Based on the conducted studies, a list of measures to minimize such risks can be formed (Table 1).

**Table 1 Methods of minimizing risks in the textile and clothing industry of Fergana region**

| № | The name of the danger | Techniques for reducing the risk |
|---|---|---|
| 1. | Risk of increased competition in the domestic market of Fergana region due to cheap imported products | - increasing the competitiveness of the enterprise due to diversification of production. |
| 2. | Risk of equipment failure | - looking for investors to expand and modernize the enterprise's production capacity, creating additional production capacity aimed at providing the enterprise with its own raw materials. |
| 3. | The occurrence of a loss-making financial result of the enterprise | - development of targeted programs aimed at the development of domestic sheep breeding as a promising branch of the economy, the general state concept of ensuring the safety of national commodity producers. |
| 4. | Decrease in consumer market share (loss of consumers) | - expanding cooperation with suppliers of raw materials.<br>- to change methodological approaches to cost management in the enterprise in order to optimize the cost of products and reduce the price level in practice. |
| 5. | Failures in the delivery of materials as a result of irresponsible performance of contractual obligations by suppliers | - to change the state approach to the directions of support of certain branches of production and types of entrepreneurship, to develop appropriate targeted programs. |

## CONCLUSIONS AND SUGGESTIONS

In conclusion, the key stages of the qualitative analysis of the risks associated with boosting the productivity of the textile and apparel industry were established and justified as a result of the study that was done. Additionally, their brief explanations and particular aspects of carrying out qualitative risk analysis were described. The suggested methodology was applied to the textile and apparel sector's operations in the Fergana region, where the main business risks in particular, the risks of heightened competition, equipment failure, decreased profitability, and clientele loss were identified.

The risks according to investigation underwent a thorough diagnostic, during which the primary causes and effects of the implementation of the risks were identified. Additionally, the risk of occurrence as a result of the influence of the primary internal and external factors affecting likelihood was identified. A thorough organizational approach to enterprise management is necessary to implement the wide range of technical and technological, intellectual people, marketing, and communication strategies included in the suggested techniques for reducing the impact of the identified risks.

**References**

1. Морев К.С. Оценка рисков финансово-хозяйственной деятельности предприятия. Проблемы управления рыночной экономикой: межрегиональный сборник научных трудов. 2015. С. 34–37.
2. Габуниа Н.Г., Корелин К.В. Экономическая безопасность предприятия и управление рисками. Известия СанктПетербургского государственного экономического университета. 2015. № 4. С. 79–81.
3. Shtebner S.V., Chubrina K.A., Lebedev I.A. Factors of economic development of enterprise textile industry. Technology tekstilnoy promyshlennosti. 2018. No. 5. S. 51–54.
4. Н.К.Баҳодиров. Тўқимачилик саноати корхоналарининг ишлаб чиқариш самарадорлигига таъсир қилувчи омиллар таҳлили. Иқтисодиёт ва таълим журнали, 2022 йил 6-сон, 378-383 бетлар
5. N.K.Bakhadirov. The importance of organizing textile industry enterprises on the basis of a digital platform. World Economics & Finance Bulletin (WEFB), 145-148 bet.
6. Н.К.Баҳодиров. Тўқимачилик саноати корхоналарининг иқтисодий самарадорлигини оширишда юзага келиши мумкин бўлган хатарларни аниқлаш ва таҳлил қилишнинг ахамияти. “Yangi O‘zbekiston iqtisodiyotini rivojlantirishning dolzarb masalalari” Respublika miqiyosidagi ilmiy-amaliy konferensiya materiallar 2-to‘plami, Namangan muhandislik qurilish instituti, 2022 yil 29-30 sentabr, 168-169 betlar.