

**THE ROLE OF COMPETITIVENESS IN ENHANCING THE SUSTAINABILITY AND
EFFICIENCY OF INDUSTRIAL ENTERPRISES**

Hamidova Madina Tolib kizi

Master's Student, 2nd Year,

Faculty of Economics and Tourism, Department of Economics,

Bukhara State University

E-mail: madinahamidova1206@gmail.com

Annotation: In the context of globalization, increasing attention is being paid to ensuring the sustainable development of regions by promoting macroeconomic growth, improving living standards of the population, expanding export potential, developing value-added chains, and ensuring the efficient use of production resources through enhancing the competitiveness of industrial enterprises.¹

The ability of industrial enterprises to achieve competitive advantages is considered a key factor in ensuring the sustainable development of regional economies. Enhancing the competitiveness of industrial enterprises is of particular importance, given the significant role of industry in the overall economic structure. According to official statistics, as of December 1, 2025, a total of 59,600 industrial enterprises are operating in Uzbekistan.²

Keywords: competitiveness; industrial enterprises; innovative development; marketing strategies; financial sustainability; technological upgrading; competitive advantages

Competitiveness is defined as a product, service, or enterprise's ability to successfully compete under market conditions with similar goods and services as well as with rival enterprises. The quality of a product or a service is one of the key indicators determining the competitiveness of an enterprise. Quality serves as a crucial instrument in market competition, as it directly ensures the competitiveness of a product. It reflects the usefulness of a product for consumers, which is determined by its technical level as well as its functional, social, aesthetic, ergonomic, and environmental characteristics.

Service quality is defined as a set of attributes that express the ability of a service to satisfy established or expected needs. Competitiveness represents a combination of quality and price characteristics that enable a product to meet consumer demands. In addition, competitiveness is influenced by the costs associated with purchasing and using the product.

The factors determining the competitiveness of goods and services include the following:

1. the quality of goods and services;
2. the price of goods and services;
3. the technological level of production;
4. the qualification level of employees and management;
5. the availability of financial resources.

To remain competitive, there is no need for firms to adopt a certain, predetermined strategy. For consumers nowadays, product quality, safety, and reliability, design, and after-sales services are the major determinants of their purchase decisions. Sustainable enterprise development is an interdisciplinary problem and is rooted in many disciplines like economics, sociology, and

¹ Jumaniyozov, R.R.P. *Abstract of the PhD Dissertation in Economics*. Uzbekistan, 2023. (in Uzbek)

² State Statistics Committee of the Republic of Uzbekistan. *Number of Industrial Enterprises*. Retrieved from official statistics database, 2025. Available at: <https://stat.uz>

management. Sustainable growth of enterprise development, or what can be observed due to sustained existence in the processes of enterprise growth, is its capacity to function continuously and legitimately in the industrial markets.

The strategic sustainability of an enterprise can be related to its capacity to build competitive advantages in consumer markets under accelerated scientific and technological progress. And this sustainability is assured by the enterprise's long-term capacity to create and sustain such advantages. Since enterprise management processes are incompletely formalized, strategic sustainability can be measured by a probabilistic approach.

This is not about taking the absolute or permanent leadership of the enterprise but rather a focus on the dynamic nature of competitive advantages over time. Strategic sustainability allows an enterprise to temporarily lag behind competitors in some industrial parameters. Nonetheless, failures of certain key competitiveness indicators should be minimized. These shortcomings will be removed and compensated for in successive phases of the enterprise's development. Simultaneously, the resultant losses should not exceed the amount invested in industrial business activities.

This means that enterprise competitiveness has been regarded as a potential attribute and part of the decision-making process among managers. Here, the enterprise's ability to make in-depth and accurate estimations of target consumer groups and to analyze key trends in consumer behavior is crucial.

At this point, an enterprise needs to be able to accurately, objectively, and timely estimate consumer demand and project the future behavior of this demand. Evaluation can be conducted based on contemporary sociological and marketing techniques utilizing scientific models for assessing the economic, socio-cultural, and psychological factors underlying different target groups of consumers.

-this includes the planning and organization of production processes, which lead to the full satisfaction of target customer groups relative to price and quality. In this case, not only the consumer characteristics of the product but also the marketing characteristics of the product are significant, including pricing policy, warranty obligations, the level of after-sales services, and all relevant factors. In addition, effective current marketing policies are to establish in consumers' minds, optimizing sales volume and reducing the cost of sales.

-this involves the capacity to effectively control the production factors (capital, labor, raw materials, energy, etc.) and to create an environment for the lower cost of attracting and utilizing these resources, which means better cost per unit of output sold, etc.

-it also includes the ability to develop and maintain technological advantages over the industrial community, requiring relevant timely application technologies; a process closely related to production, sales, and management activities, including the decision-making process and organizational structure optimization of the enterprise and subdivisions.

-furthermore, it involves the capacity for an innovation-based strategy and the ability to plan, organize, and implement appropriate strategies in production and marketing.

Finally, it includes the capacity to establish and consistently nurture high-caliber human capital at levels of operation and management.

Enterprise management should optimally diversify business activities by taking into account the current state and development dynamics of the enterprise, as well as economic, technological, socio-cultural, demographic, and other changes in the external environment.

The consistent realization of these potentials over the long term increases the market value of the enterprise and provides additional resilience to adverse external influences, including competitive pressure, thereby enabling the formation of genuine competitive advantages.

In this regard, the enterprise's intangible assets, particularly its business reputation, are of critical strategic importance.

Comprehensive SWOT Analysis of Industrial Enterprises³

Strengths	Weaknesses
<p>Economies of scale</p> <ul style="list-style-type: none"> – Large-scale production reduces unit production costs. <p>High value-added creation potential</p> <ul style="list-style-type: none"> – Processing raw materials contributes to GDP growth. <p>Capacity to adopt innovations</p> <ul style="list-style-type: none"> – Including technological, technical, and organizational innovations. <p>Large-scale employment generation</p> <ul style="list-style-type: none"> – Acts as a factor of social stability. <p>Export potential</p> <ul style="list-style-type: none"> – Serves as a source of foreign currency earnings. 	<p>High capital and energy intensity</p> <ul style="list-style-type: none"> – Exerts pressure on financial sustainability. <p>Obsolete fixed assets</p> <ul style="list-style-type: none"> – Reduce production efficiency. <p>Low level of innovation activity (in many regions)</p> <ul style="list-style-type: none"> – Limits competitiveness. <p>Human capital and skills mismatch</p> <ul style="list-style-type: none"> – Leads to low labor productivity. <p>High environmental risks</p> <ul style="list-style-type: none"> – Intensify social and regulatory pressures.
Opportunities	Threats
<p>Industrial modernization and digitalization</p> <ul style="list-style-type: none"> – Industry 4.0, automation, and smart manufacturing. <p>Clustering and cooperation</p> <ul style="list-style-type: none"> – Integration with small and medium-sized enterprises. <p>Government support measures</p> <ul style="list-style-type: none"> – Subsidies and tax incentives. <p>Expansion of the domestic market</p> <ul style="list-style-type: none"> – Import substitution potential. <p>Integration into international production chains</p> <ul style="list-style-type: none"> – Participation in global value chains. 	<p>Instability of global markets</p> <ul style="list-style-type: none"> – Volatility of raw material and product prices. <p>Intensifying international competition</p> <ul style="list-style-type: none"> – Technologically advanced foreign firms. <p>Rising energy resource prices</p> <ul style="list-style-type: none"> – Increase in production costs. <p>Tightening environmental regulations</p> <ul style="list-style-type: none"> – Additional compliance costs. <p>Risk of technological lag</p> <ul style="list-style-type: none"> – A potential source of long-term industrial stagnation.

Industrial firms are identified as having significant competitive advantages through a SWOT analysis. High capital intensity and low levels of innovation activity, on the other hand, hinder the full utilization of existing opportunities. This situation substantiates the necessity of modernization and technological upgrading in the strategy of industrial enterprises toward development.

Systematic grouping of factors for assessing the competitiveness of enterprises in industrial markets: I. Intangible and Institutional Factors (Foundation of strategic sustainability)

- Corporate reputation and social image

³ author's own

- Policy for managing interactions with the external environment
- Corporate culture and employee motivation system

These factors contribute to the formation of the enterprise's long-term market position and trust capital.

II. Product and Production Capacity

(Core competitive advantages)

- Product concept
- Product quality and compliance with international standards
- Degree of diversification and breadth of product assortment
- Capacity of the research and design (R&D) base
- Flexibility and capacity of the production base

This group represents the core determinants of real competitiveness.

III. Financial and Investment Sustainability

(Resources supporting development)

- Availability of capital and cash flows
- Level of financial stability
- Capacity to finance projects through internal and borrowed funds

These factors determine the feasibility of implementing strategic decisions.

IV. Marketing and Market Infrastructure

(Degree of proximity to consumers)

- Pricing policy
- Frequency and depth of marketing research
- Pre-sales preparation
- Distribution channels and sales efficiency
- Sales promotion system
- Advertising activities
- Level of after-sales services

This group reflects the enterprise's ability to adapt to market demand.

V. Management and Organizational Efficiency

(Mechanism for strategy implementation)

- Quality of management
- Effectiveness of decision-making
- Flexibility of the organizational structure

The quality of management integrates all factors into a unified system.

The classification of these factors into five groups provides a comprehensive and systematic assessment of enterprise competitiveness in industrial markets. This approach functions not only to determine the current standing of the enterprise in the marketplace but also as a methodological basis to assess the prospects of its strategic development. An enterprise should ensure its level of competitiveness through the following eight key factors:

1. Product and service concept — a factor that defines the value proposition oriented toward market needs and forms the foundation of enterprise activity.

2. Product quality — characterized by conformity with the level of analogous products in leading markets and determined on the basis of consumer surveys and comparative testing results.

3. Product price — a competitive factor shaped by taking into account the value perceived by consumers and potential discount mechanisms.

4. Sources of financial support — the enterprise's ability to finance its activities through internal funds as well as externally attracted (borrowed) resources.

5. Commercial methods and instruments of sales activity — a set of tools used to organize the sales process and to enter the market.

6. After-sales service system — a factor contributing to the formation of customer loyalty and the expansion of a stable customer base.

7. Management of external relations and corporate image — the ability to positively shape interactions with public authorities, mass media, and public opinion.

8. Level of pre-sales preparation — the ability of an enterprise to identify future consumer needs in advance and to convince potential customers of its capacity to satisfy those needs.

Industry competitiveness is of great importance because being competitive will enable an industrial enterprise to become an active participant in the market and apply new processes. In determining the central role played by competitiveness in industrial enterprises, the following variables are especially significant:

1. Enhancement of the quality of products and services. Competitiveness motivates industrial enterprises to improve the quality of their products and services consistently. Products and services correspond to consumer needs, customer satisfaction is greater, and the competitive edge is strengthened by the enterprises in the market by the good product or service.

2. Innovations and developments introduced. However, industry competitors must use new ideas and put them into practice for competitiveness. Enterprises use new technologies and production methods. New technologies and production methods help enterprises tap into new markets and develop lasting competitive advantages.

3. Market analysis in particular, marketing strategies. In a competitive world, industrial enterprises can evaluate what competitors are doing and build on their competitive position by conducting market analysis and developing effective marketing strategies. These are all tactics for finding out market needs, attracting users, and satisfying their needs.

4. Development of human resource systems for development and management. At present, competitiveness in industrial enterprises depends on the development of industrial enterprises at both the management quality and human capital potential levels. The training, motivation, and continuous development of qualified and professional personnel are the key factors in the efficient functioning of this environment.

5. Building and developing network relationships and new platforms. Industry competitiveness allows industrial firms to develop new partnerships with customers, partners, and other market participants with the help of networks and platforms. Thus, it creates a favorable situation for new partnerships, access to new markets, and new project implementation.

Conclusion

Competitiveness represents a key prerequisite for the implementation of measures aimed at ensuring the sustainable development of industrial enterprises and achieving continuous growth of the industrial sector. For industrial enterprises, competitiveness is vital for active market participation, improving the quality of products and services, and forming long-term competitive advantages through the introduction of innovations and technological advancements.

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