SYSTEMATIC ANALYSIS OF FACTORS AFFECTING THE COMPETITIVENESS OF BUSINESS ENTITIES

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Abstract: in this article, the factors affecting the competitiveness of business entities are systematized, and the characteristics of their impact on business activity are revealed. At the same time, ways to ensure competitiveness in business by monitoring them have been shown.

Key words: modernization, external factors, internal factors, political factors, economic factors, social factors, scientific and technical factors, legal factors, existing rivals, potential rivals.

1. Introduction

In the conditions of the modernization and liberalization of the economy in the country, ensuring the employment of the population and reducing poverty through the development of business activities defined by the current legislation is one of the urgent issues of today.

The economic system of any country can be based on only two organizational principles: the subjective will of the governing body or objective economic laws. In the first case, we understand the planned-directive economy based on the distribution of income obtained with the help of available resources. This distribution is based on the voluntary approach of one person or several groups of people who have the right to make a decision (usually they have given this right to themselves). Therefore, the planned-directive economy is often called the administrative-command economy. In the second case, it is intended to create a real scientific economy, known by the term "market economy".

The market economy is based on the relations that arise in the process of the sale of goods in the market, in which demand collides as a representative of consumers, and supply collides as a representative of producers. Various economic entities participate in market relations. They consist of individual individuals and legal entities. Among them, business entities are of particular importance in the development of the economy.

The legal and regulatory framework created in our country creates a positive and creative environment for the development of entrepreneurship in all areas of the economy. Whether business

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it is the production or service sector of the economy, great attention is paid to entrepreneurship, the step-by-step improvement of the conditions for the sustainable development of business entities creates the ground for newly established business entities to stand on their feet, and serves to ensure the competitiveness of existing business entities.

In addition to the wide opportunities created for the sustainable development of business entities, there is a need to study and research the objective and subjective factors that affect their development today. The study of such factors, the objective study of their impact on the development of business entities is one of the priority tasks of today. Studying the level of influence of these factors requires the implementation of special studies. Below we will focus on the literature analysis on the topic.

2. Literature analysis on the topic

In the conditions of today's innovative development, the rapid development of entrepreneurship, the increasing flow of information, ensuring competitiveness in entrepreneurship is one of the urgent issues. It should be said that a number of economists have conducted scientific research in the direction of ensuring business competitiveness. They include Y. Schumpeter, Dj. M. Keynes, W. Uzun, William Baumol, F. Kotler. I. V. Aleshina R. Nureev, A. R. Samokhvalova, S. N. Ryzhikov, S. S. Gulomov, Yo. A. Abdullaev, B. Yu. Khodiev, M. R. Boltaboev, M. Eshovlarni [1-12] can be entered.

It should be said that despite the fact that many scientific works related to increasing competitiveness in entrepreneurship have been published today, the system of factors influencing competitiveness is not sufficiently covered in theoretical sources today.

In the conditions of the market economy, especially in the conditions of digitization of economic processes, competition does not have a clear system. Competition is based on specific strategies and goals of market participants. From this point of view, ensuring competitiveness in entrepreneurship is influenced by many factors, and it is necessary to study these factors and their specific characteristics. We will address these issues below.

3. Analysis and results

The strategy of competition determines the main directions of ensuring the competitive advantage of business entities in production and service provision. Only entities that can ensure a competitive advantage and can support it in time will maintain their competitiveness in the market.

Revealing the theoretical essence of the concept of business competitiveness, as it is formed under the influence of many factors, allows for a wider coverage of this area. Because the areas of activity in entrepreneurship are extremely wide.

In the scientific literature, the factors influencing entrepreneurial competitiveness are classified differently depending on the purpose of the research and the economic situation. Under the influence of these factors, there is an increase in business competitiveness, including a decrease.

These factors make it possible to use them as tools and resources to increase competitiveness in business. But the presence of factors is not enough to ensure competitiveness, but depends on their effective use. For this purpose, systematization of each factor is of important practical importance, along with determining the nature of each factor and the degree of influence.

Accordingly, a comprehensive system of factors affecting competitiveness in business activity was developed based on a systematic approach in the research process (Fig. 1).

These factors are divided into internal factors and external factors. Business entities cannot significantly influence external factors. Therefore, business entities try to adapt to external conditions.
factors. Business entities can significantly influence internal factors, therefore, by managing the process of adaptation to external factors, there is an opportunity to form a strategy that provides a competitive advantage.

It is necessary to regularly update and improve the system of factors that determine the competitiveness of business entities in order to satisfy the demand of consumers at a high level and to maintain their loyalty. For this, it is advisable for business entities to develop a system of factors according to their segment in the market.

Although the integrated system of factors affecting the competitiveness of business entities is not a perfect model for ensuring and increasing competitiveness, it serves to determine that increasing competitiveness is a complex process, and to strengthen the competitive position and define the main directions of increasing competitiveness.

Business entities are constantly in contact with external factors that affect them to one degree or another. We can divide external factors into groups of political, economic, social, scientific, technical, and legal factors. External factors have the characteristic of regularly enriching and complicating each other, and in some cases they have an opposite direction to entrepreneurial activity. For this purpose, we will focus on their features separately.

Political factors.

The political orientation of the state primarily has a significant impact on the country's business system and partly on the activities of business entities. We can include international relations, international integration processes, political conflicts, political agreements between foreign countries, and political crises as political factors. In the process of studying political factors, the interaction of various industries and sectors of the country with the government, the adopted new laws and legal documents, political changes, foreign policies of countries are analyzed.

Due to political changes, the needs of not only some individuals, but also the entire population of the country may change. Changes in legislation, regulation of macroeconomic indicators, country and
Figure 1. The system of factors affecting the competitiveness of business entities
creating a favorable political environment in the regions and other market mechanisms can change the existing infrastructure of the country. The business system is sensitive to political influences and performs its activities based on the defined and announced priority development programs of the country. Unclear political motives of the state hinder the development of the entrepreneurial system and ultimately lead to huge losses in entrepreneurship and a sharp decline in motivation in this area.

The political situation in the country, the system, and the change of political leaders also have a significant impact on the development of the business system. Looking at history, in the pre-independence period, there were ideas about entrepreneurship, but there were no conditions for its independent development. First of all, the lack of laws guaranteeing entrepreneurial activity prevented the free development of entrepreneurship. There were no significant changes in the business system of our country until the 1990s. Since the first days of our independence, this situation has been put an end to, and as a result of the creation and improvement of the legal and regulatory frameworks (documents) for the development of entrepreneurship, a wide path has been opened for entrepreneurial activities. At the same time, the state's support for the development of business activities, both organizationally and financially, has become important in ensuring the competitiveness of business entities.

Political programs primarily affect economic processes, sometimes limiting the possibilities of the business system and causing changes in consumer behavior. Political factors influence other economic, demographic, social, cultural, legal, technical, and technological factors.

**Economic factors.**

Economic factors are determined by indicators such as the level of income and the purchasing power of the population, as well as the rate of economic growth, inflation, credit rates, tax rates, the current income of the population, levels of savings, the value of the consumer basket, GDP per capita, market conditions. Changes in these indicators lead to not only quantitative but also structural changes. The study of these factors requires business entities to focus on the opportunities and risks of effectively organizing their activities.

**Social factors influencing business activities include cultural environment, moral, religious, values, customer psychology, purchasing behavior, spiritual and educational characteristics, demographic situation in the region, age structure, literacy level, etc.** The study of social factors focuses on the analysis of the impact of various social processes and phenomena on banking activities.

The impact of social factors on the activity of business entities has not been sufficiently studied and remains out of the attention of economists. The main reason for this is that in most cases social factors are considered as secondary factors. However, in developed foreign countries, social factors are considered as primary factors.

**Legal factors.**

Legal factors include the establishment of various rules and restrictions during the activity of business entities, changes in legislation. Legal regulation of business activities in our country is carried out on the basis of many legal documents. Legislation and legal norms ensure the resistance and reliability of the business system to the influence of various environmental factors and justify their main directions. At the same time, legislation and legal standards are improving, taking into account the emergence of various situations, innovative development.

**Scientific and technical factors.**

These factors fundamentally change business activities. Scientific and technical factors are explained by the state's system of higher and secondary special education and post-secondary education and its policy, the qualifications of specialists, and the existence of research centers on entrepreneurship. Under the influence of scientific and technical factors, innovative types of entrepreneurship develop, competition between business entities increases. Modern technical and technological updates improve production in business activities and increase the quality of...
It should be noted separately that scientific and technical factors are the most important factor not only in rapid development of business activities, but also in creation of modern technical equipment and technologies, modernization of existing technologies. It is known that technologies entering our country are usually called new technologies (for us). But from which country these technologies are imported, for that country it is not new, but it is considered to be physically obsolete or otherwise morally obsolete technologies. Such technologies, which have entered the country, will have a short life.

Because no country or company will put aside the newest technologies created for a certain period of time. The reason for this is that, firstly, the new technology created must serve that skill (company), secondly, the costs of creating new technologies must be covered, and thirdly, the new technology created can be a trade secret of the country (company).

This situation creates the need to speed up the experimental design work that creates scientific and technical developments in every field of entrepreneurship in the country. It is necessary to develop a strategy for its implementation, as this issue is considered to be a very complex and long-term issue. In this strategy, the first developments always take a long time, and in the later stages, skilled workers with experience will have the opportunity to reduce the development time of new technologies somewhat.

Existing competitors – business entities offering similar goods (services) operating in the regional or regional production (services) market.

Customers – legal entities and individuals who purchase goods (services) produced by business entities in order to satisfy their needs. With the increase in the types of goods and services, the competition between other business entities increases. For this reason, business entities pay special attention to the quality of the goods they produce (the services they provide). It is necessary to pay special attention to the specialization of the processes performed in business activities.

Suppliers – these are legal entities and individuals who provide material, technical, financial and informational resources for business activities. Today, we can consider higher education institutions as suppliers of business entities.

Potential rivals. Business entities and their branches operating in the country, including the region or territory.

The emergence of new potential competitors indicates the intensity of business activity. The significant influence of potential competitors indicates the presence and complexity of barriers to market entry. Eliminating these obstacles requires additional financial costs from business entities. In this regard, there are the following main obstacles:

- Deterioration of the image of goods produced by entrepreneurs;
- Uneven distribution of competitive conditions, that is, special support of some business entities by the state; presence of large production enterprises;
- The state of socio-economic development of regions and regions: low income of the population, need for long-term financial resources;
- Incompleteness of the legal framework related to the business sector, frequent changes;

Internal factors affecting the competitiveness of business activity. Internal factors are explained by the activity of business entities and determine its potential. The potential of business entities is a set of opportunities used to achieve the intended goal, partly to increase the competitiveness of business activity. Bank potential is a set of interrelated private potentials such as marketing, informational, technological, personnel, service, financial and intellectual potential.

Personnel capacity – the ability of employees of business entities to materialize their knowledge and skills, to perform their tasks and functions effectively and qualitatively. The management of personnel potential creates an opportunity to increase the professional and...
service career of employees of business entities, to provide high-quality service, to effectively distribute duties and authorities, to create an effective control and motivation system.

Personnel capacity is evaluated by the number of employees, the amount of funds spent on training and retraining, the number of highly educated employees, unemployment, skill level, employee initiative, etc.

Intellectual capacity – is the development and implementation of new ideas, projects, new production (service) technologies, and creation of new ways of doing business by employees of business entities. Intellectual potential is evaluated by the number of licenses, patents, know-how, trademarks, rationalization proposals.

Innovative potential – introduction of scientific, technical and technological innovations by business entities is an opportunity to implement innovative activities with effective use of all internal potential. Innovative potential is evaluated by the amount of funds spent on innovative activities, the amount of funds spent on stimulating intellectual and initiative employees.

Information capacity – is a set of methods, tools and mechanisms related to the collection, processing, storage and distribution of various information of business entities. Information potential is evaluated by the speed of information exchange between management levels, departments, divisions, reliability, confidentiality, quality and timeliness of information.

Marketing potential – It is a set of marketing activities related to regular analysis of the competitiveness of production (services) in the process of researching the demand for business products, carrying out price, product, communication, sales policy, and studying the behavior of competitors and customers. Marketing potential is evaluated by the number of marketing studies, marketing budget, effectiveness of advertising activities, number of real and potential customers, brand, nomenclature of goods produced by business entities.

Financial potential – are the existing financial resources of business entities, which are mobilized to solve financial problems during one period. The use of these resources is based on the strategic and tactical plans of business entities.

In our opinion, it is appropriate to consider the above-mentioned internal factors or internal potential factors as competitive potential in entrepreneurship. The competitive potential of business activity is the ability to use the existing potential at the disposal of business entities to ensure the competitiveness of production (service), as well as the potential to effectively use and maintain it in the process of production (service).

The listed internal factors can be divided into two groups from the point of view of their direct relationship to the competitiveness of business entities and their ability to attract consumers.

− A group of factors affecting the consumer nature of goods (services) developed as a result of entrepreneurial activity. This includes the marketing potential associated with the movement of goods (logistic activities) and attracting customers; innovative production and information potential representing internal business processes; it is possible to include the intellectual and personnel potential related to the training and development of the personnel of business entities.

− A group of factors affecting the economic nature of business activity. This can include the financial potential of the business entity.

The system of internal factors participates in the organization of the production of business activities and serves to increase their competitiveness. This system of factors allows to ensure the competitive advantage of business activity and to win in the competition. Therefore, it can be considered as a system of strategic factors.

4. Conclusion.
Thus, various factors affect the competitiveness of business activity. They are interrelated and can weaken and accelerate each other. Continuous monitoring of internal and external factors allows business entities to adapt to the situation in the competitive struggle, to make effective decisions in a short period of time. This group of factors and their evaluation criteria are developed separately by the marketing service for business activities. This issue will serve as an object of future research.

5. Reference: