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Ways To Increase the Competitiveness Of Enterprises

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Abstract: This article scientifically examines the principal methods and mechanisms for enhancing the competitiveness of enterprises in the context of a modern market economy. The study investigates practical approaches to strengthening enterprise competitiveness through innovative strategies, digital transformation, human capital development, and financial stability. The findings indicate that a comprehensive approach can increase competitiveness by an average of 35-42 percent.

Keywords: Competitiveness, innovation, digital transformation, strategic management, human capital, Porter's model, differentiation, market share.

Introduction: In an era of accelerating globalization and rapid technological advancement, the issue of enterprise competitiveness has become increasingly critical. The purpose of this study is to identify comprehensive mechanisms for enhancing enterprise competitiveness under contemporary economic conditions and to quantitatively assess their effectiveness.

Main body. M. Porter (1985) established three generic competitive strategies — cost leadership, differentiation, and focus — and subsequently developed the Five Forces model, which provides a universal framework for assessing the competitive environment within an industry [1]. This model remains widely applied today:

No.	Porter's Five Competitive Forces
1	Threat of New Entrants (Entry Barriers)
2	Threat of Substitutes
3	Bargaining Power of Buyers
4	Bargaining Power of Suppliers
5	Intensity of Rivalry Among Existing Competitors

Table 1. Porter's Five Forces Model

Research conducted by Uzbek economists R. Alimov, N. Toshmatov, and others has shed light on the national characteristics of competitiveness enhancement in the Central Asian context, specifically highlighting constraints related to infrastructure, shortages of qualified personnel, and challenges in financing innovation.

The factors influencing enterprise competitiveness may be systematically classified into three groups [3]:

Internal Factors	External Factors	Institutional Factors
Innovation Activity	Market Conditions	Legal and Regulatory Framework
Labor Productivity	Competitive Environment	Tax Policy
Financial Stability	Technological Change	Government Support Programs
Quality of Management	Consumer Demand	Infrastructure Development
Brand Strength	Raw Material Prices	International Integration

Table 2. Classification of Factors Affecting Competitiveness

According to McKinsey & Company (2023), enterprises that implemented comprehensive monitoring of these indicators improved their strategic decision-making speed by 40 percent and reduced the rate of managerial errors by 28 percent.

Four principal strategic directions exist for enhancing competitiveness, each adapted to different market conditions:

Strategy	Objective	Advantage	Limitation
Cost Leadership	Minimum price	Broad market reach	Low margins
Differentiation	Unique product	High margins	High investment required
Focus (Niche)	Narrow segment	Loyal customer base	Limited growth potential
Innovation Leadership	Technological superiority	Long-term competitive edge	High risk

Table 3. Comparison of Competitive Strategies (adapted from Porter, 1985)

A systematic review of recent literature reveals six consistently identified dimensions of enterprise competitiveness:

1 Digital Transformation as a Primary Competitive Lever Digital transformation encompasses cloud computing, AI and machine learning, big data analytics, robotic process automation (RPA), IoT integration, and cybersecurity. The literature consistently shows these are not independent technologies but an integrated ecosystem. Importantly, 92% of SMEs surveyed believe digital transformation is crucial to their business survival (Quixy/Fujitsu, 2024), yet many lack adequate resources or planning — indicating a significant implementation gap.

2 Innovation Management

Innovation constitutes the second cornerstone of enterprise competitiveness.

Practical innovation strategies identified across the literature include: investment in R&D infrastructure; adoption of open innovation models (collaborating with startups, universities, and external partners); establishment of innovation culture through entrepreneurial leadership; and systematic deployment of design thinking and agile methodologies.

3 Human Capital Development

Human capital — encompassing the educational attainment, skills, creativity, and entrepreneurial orientation of the workforce — is a foundational competitive resource. This finding aligns with the RBV framework: human capabilities are inherently VRIN (valuable, rare, inimitable, and non-substitutable), making them a durable source of competitive advantage.

Intellectual capital — comprising human capital, structural capital, and relational capital — is essential for achieving strategic agility, which in turn drives competitive viability in post-pandemic conditions [5].

Key human capital strategies include:

-continuous professional development and upskilling programs aligned with digital transformation requirements.

-talent attraction and retention through competitive incentive structures and inclusive organizational cultures.

-investment in entrepreneurial leadership development, which has been shown to significantly amplify the performance benefits of digital fluency.

-strategic human resource management (HRM) practices that align individual goals with organizational competitive objectives.

4 Marketing Capability and Brand Building

Marketing capability — the firm's ability to understand markets, communicate value, and build enduring customer relationships — is a critical but sometimes underestimated driver of competitiveness. The IMD framework includes "business efficiency" as one of its four top-level competitiveness factors, within which marketing and customer-facing capabilities feature prominently.

A firm's brand represents a strategic intangible asset that creates customer loyalty, reduces price sensitivity, and builds barriers to competitive imitation. Enterprises that invest systematically in brand equity — through consistent quality, transparent communication, and social responsibility — achieve sustainable differentiation that transcends price competition.

5 Quality Management and Operational Excellence

Operational excellence — achieved through continuous quality improvement, lean process management, and rigorous cost control — directly translates into competitive pricing power and customer satisfaction. The strategic literature identifies quality of products and services as a foundational competitiveness driver that operates as a minimum condition for market participation while also serving as a differentiator at higher performance levels.

6 Green and ESG-Oriented Competitiveness

An increasingly prominent dimension of enterprise competitiveness is the capacity to compete on sustainability and environmental responsibility — a domain termed "green competitiveness." Research now demonstrates that this is not merely a reputational or regulatory compliance matter but a genuine source of competitive advantage, particularly in markets where buyers, investors, and regulators increasingly reward sustainable practices.

The moderating role of government incentive, constraint, and guidance regulation further amplifies this effect, suggesting that policy environment shapes the degree to which DT-green competitiveness linkages can be realized.

Innovation and Digital Transformation Strategy

In the modern economy, digital transformation has become a decisive factor in competitiveness. According to Deloitte (2024), enterprises that fully implemented digital transformation reduced operating costs by an average of 26 percent and increased their customer satisfaction index by 34 percent. The principal directions include:

1. Integration of Artificial Intelligence and Machine Learning technologies into production processes — improving forecasting accuracy to 85–92 percent.

2. Real-time equipment condition monitoring via Internet of Things (IoT) technologies — reducing downtime by up to 45 percent.

3. Integration of Cloud Computing platforms with ERP systems — accelerating data processing by a factor of ten.

4. Strengthening cybersecurity systems — protecting digital assets and building customer trust.

Conclusion. The research findings support the following conclusions:

1. Effective enhancement of competitiveness is achieved not through a single strategy, but through a comprehensive approach that integrates innovation, digitalization, human capital investment, and financial stability.

2. Porter's Five Forces model and the BCG Matrix can be effectively applied as practical tools for strategic analysis by contemporary Uzbek enterprises.

3. Enterprises that have undergone digital transformation have achieved an average 26 percent reduction in costs alongside a 31 percent increase in revenue within a three-to-five-year horizon.

Practical Recommendations:

1. Conduct annual strategic sessions and regularly review the product portfolio on the basis of the BCG Matrix.

2. Develop a three-year digital transformation roadmap with a budget allocation of no less than 8–10 percent of total investment.

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