

DEVELOPING A STRATEGY FOR SUCCESSFUL SMALL BUSINESS DEVELOPMENT THROUGH COMPETITIVENESS

By

Melibayeva Gulxon Nazrullayevna, Ph.D
Kokand University,
Uzbekistan

Abstract

In our present time small business is becoming an important strategy for every country, with the help of which the state ensures the growth of its economy. As we know, an important factor in business development is its competitiveness, and its factor is its superiority in quality and efficiency. In this article, we will discuss the issues of developing a strategy for the successful development of small businesses through competitiveness. Strategic objectives for ensuring competitiveness the factors influencing it, possibilities of creation of products and services are analyzed. At the end of the article, scientific proposals and recommendations are given on the development of a strategy aimed at taking measures aimed at achieving the success of small businesses through competitiveness.

Keywords: Business development, Competitiveness, Small Business and Entrepreneurship, Business Success, Strategic Plan, Strategic Decision-making

1. Introduction

It is quite obvious that small business plays an important role in stimulating economic development, supporting innovation and creating employment opportunities. The successful development of small businesses requires a strategic approach that enhances competitiveness, stability, and profitability. Based on this, we have devoted this research to the development of a strategy for the successful development of small businesses through competitiveness, which will help entrepreneurs in their niche grow and achieve success.

The importance of the topic's relevance lies in the fact that the head of our country pays great attention to this issue, as President Shavkat Mirziyoyev noted on December 20, 2024 at a meeting with active entrepreneurs of our country, "Development of entrepreneurship – our strategic goal. Entrepreneurs are our strongest support and greatest strength. Therefore, their support should become the daily business of all leaders- from the center to the lowest level. Especially at the local level, hokims should interact more often with entrepreneurs, visit enterprises, and live in their concerns. We should cherish and appreciate business representatives, talented and with great potential. They are very valuable people for us" [1].

It follows from the above that small business currently plays a key role in the economy of the state. For the successful development of a small business, it is necessary to ensure its competitiveness. First of all, this requires a thorough analysis of the market situation. Studying new markets, their needs, trends, and competitive environment allows you to identify prospects, assess risks, and adapt products or services to effectively meet demand. This requires collecting and analyzing important data that will help you make strategic decisions, develop promising strategies and initiatives for business development.

The development of comprehensive business plans is the basis for its stable growth and success. Therefore, it is necessary to clearly define the company's goals, competitive advantages, financial forecasts, marketing strategies and working methods. Creating structured strategic plans with specific steps, deadlines, and indicators allows you to monitor progress, make informed decisions, and respond promptly to changes in the market situation. To do this, you need to collect and analyze reliable data that will help you make strategic decisions, develop promising strategies and initiatives for business development.

For the successful development of a small business, it is necessary to increase its competitiveness. One of the key aspects of this process is the effective management of financial resources. To achieve this goal, it is necessary to pay attention to such aspects as financial strategy development, budgeting, cash flow control, cost analysis and income optimization. These measures contribute to the long-term stability and growth of the company.

The development of financial strategies that meet business goals, the search for sources of financing and the maintenance of financial stability help to strengthen the position of enterprises and ensure their sustainable development. In order for companies to compete successfully, it is necessary to develop and implement effective marketing and brand strategies. This will help attract customers, make the brand more recognizable, and boost sales.

To achieve these goals, you need to create a clear brand identity, develop targeted marketing campaigns, use digital marketing tools, and interact with customers through social media. These measures make it possible to effectively reach the target audience and attract their attention. Consistent branding and strategic marketing initiatives help to highlight the brand in the market and increase customer loyalty.

2. Literature Review

To be successful in new markets for goods and services, small businesses need to be competitive. In a market economy, there are many small companies that occupy only a small part of the market. This leads to high competition in some market segments.

Currently, the problem of small business competitiveness is relevant, as confirmed by numerous scientific works by domestic and foreign scientists. Among them, one can highlight foreign scholars such as E. Chamberlin, J. Schumpeter, M. Porter, O. Williamson, K. Prahalad, I. Solovyov, G. Dolinsky, R. Fathutdinov, I. Danilov, and A. Khasanova. Local scientists M. P. Boltabaev, D.A. Shodibekova, M.S. Kasimova, B.K. Goyibnazarov, Sh.Zh. Ergashkhodzhaeva, G.S. Mustafoev, A. N. Samadov, Sh. I. Otajonov, M. A. Yusupov, A. N. Samadov, K. Zh. Mirzayev, N. Sattorova, Kh. S. Asatullaev, B. O. Tursunov, M. A. Mamanazar. They made a significant contribution to the development of the theory and methodology of small business in their research and work.

However, there is a need for a deeper study of the theoretical and methodological aspects related to improving the competitiveness of small businesses. Currently, modern approaches to developing a competitive development strategy for effective management of small enterprises are not always used. At this stage, it is necessary to study the concept of competition more thoroughly.

Competitiveness is one of the key economic categories that determine the success of a company's operations in a market economy. This category includes a set of economic characteristics such as product quality in a particular industry, as well as factors influencing the production and sales of a company's goods" [2].

From the perspective of economic theory, competitiveness is viewed as a struggle

aimed at consumer funds, meeting their needs, while within the framework of a structural approach, competition is viewed as a method of analyzing the structure of the market, allowing for the identification of market types and prevailing conditions. In this approach, competition implies the freedom of choice for both buyers and sellers to enter or exit the market. Representatives of this approach are E. Chamberlin and J. Robinson [3].

Modern approaches have implemented functional approaches to competitiveness, where competition is viewed as a means of stimulating economic development. Within this approach, competition is viewed as a mechanism that directs the activities of enterprises striving for profit in a direction beneficial to society. Representatives of this approach are M. Porter and I. Schumpeter [4].

To date, an institutional approach to competitiveness has emerged, in which competition is viewed from private property as a mechanism for effective activity and a driving force of entities, a response. Competition, as an institution, lacks the characteristics of self-organization and stability, therefore it requires state regulation. Proponents of this approach are V. Oyken and V. M. Busygin [5].

Based on the above, there is currently no single approach to defining the concept of competitiveness, and this is due to a number of factors:

- a) Characteristics of the economic development of each country;
- b) The incompleteness of the transition processes of our national economy.

3. Materials and Methods

The methodology of the study centers around a structured approach to enhancing small business competitiveness, which includes several key strategic actions. First, a comprehensive business plan is developed, focusing on setting clear goals, identifying competitive advantages, and preparing financial forecasts. These plans are designed with specific steps, timelines, and measurable indicators to monitor business progress and adjust strategies as needed. The methodology emphasizes data collection and analysis to inform decision-making processes, ensuring that strategies are based on reliable and accurate information. Moreover, financial resource management plays a crucial role, with a focus on the development of financial strategies, budgeting, cash flow management, cost analysis, and income optimization, all of which contribute to long-term business stability.

The research also outlines the importance of crafting tailored marketing and brand strategies to attract customers and differentiate the business in the marketplace. This involves creating a distinct brand identity, employing targeted marketing campaigns, and utilizing digital marketing tools to engage with customers, particularly through social media. By reinforcing the brand's presence and ensuring consistent customer interaction, businesses can build stronger customer loyalty and increase sales. Additionally, the study proposes that small businesses should continuously adapt their strategies to the evolving market landscape, ensuring sustained growth and competitiveness.

In conclusion, the methodology integrates strategic planning, financial management, and marketing tactics, forming a comprehensive framework for enhancing small business competitiveness in an ever-changing market environment.

4. Results

To create a successful company, it is necessary not only to modernize production and management processes, but also to clearly define goals and objectives. It is important to be able to use your strengths to compete. It is necessary to focus on improving those aspects

that make the company unique and set it apart from its competitors.

The focus on one's advantages, as well as the constant search for new opportunities both inside and outside the company, determine the functions of the management staff, the composition of management and engineering departments, as well as the development of an economic strategy. Strategy is the process of developing activities aimed at achieving the company's goals [6], [7], [8], [9].

The company's competition strategy includes a set of methods and actions that help it attract customers, resist competitors, and strengthen its market position. The main goal of the company is to honestly beat competitors, take a leading position in the market and expand the customer base. The company's competition strategy includes both offensive and defensive measures. The choice of specific actions depends on current market conditions. The company also has tactical techniques in its arsenal that allow it to respond quickly to market changes and create long-term competitive advantages.

All companies try to use different methods to attract and retain customers, creating a desire for them to purchase products only from this company and thereby ensuring their completed dominance in the market. Since the company's management develops both short-term and long-term strategies that are tailored to the specific situation in the company, today there are many different strategies and their variations. This means that the number of strategies corresponds to the number of competitors in the market.

Let's analyze the key approaches to competition that a company can use:

- a) A cost-minimizing leadership strategy. As part of this strategy, the company strives to find the most profitable suppliers of goods and services available to a large number of customers.
- b) The strategy of uniqueness or differentiation. This strategy is aimed at creating a product or service that will compare favorably with similar offers from competitors in the eyes of consumers.
- c) Optimal cost strategy. The goal of this strategy is to offer the consumer a higher value for the same money. The company strives to reduce costs and prices for similar products or services compared to competitors.
- d) A strategy of focusing on a narrow market segment based on minimizing costs. Advantage over competitors due to low costs in a narrow market segment.
- e) A strategy of focusing on a narrow market segment based on the uniqueness of the product. The advantage is in the form of unique products that meet the needs of customers in a narrow market segment.

In addition, when choosing a company's strategy, it is necessary to take into account a number of limitations:

- a) The range of goods that are planned to be produced;
- b) The target audience of potential buyers;
- c) Geographical area of product sales;
- d) Identify several related industries that you plan to compete with.

The company faces a dilemma: focus on a narrow market niche or enter the mass market. By combining target markets with key strategies, the company can expand the range of possible strategies. If a cost reduction and product differentiation strategy is focused on multiple market niches, it is called cost leadership and product differentiation. If it is aimed at a narrow market niche, then this is called focusing. The choice of a competitive strategy directly depends on the strategic potential of the company and the possibilities of

expanding resources. Also, the implementation of the chosen strategy depends on the internal environment of the company.

In the modern world, there are many approaches to doing business: production, pricing, and other strategies. However, they are all based on competitive advantages.

A competitive advantage is a set of factors that allow a company to effectively use its available resources and outperform competitors in economic, organizational, and technical fields. It can be based on the company's unique assets or on competencies in key business areas. A company with a competitive advantage has a higher profitability compared to the average in its industry and has a stronger market position. When developing a competition strategy, it is necessary to take into account the strengths and weaknesses of the company, as well as to understand the structure of the industry and the economy in general in which it operates.

The main ways to determine competitive advantage are shown in Figure 1.

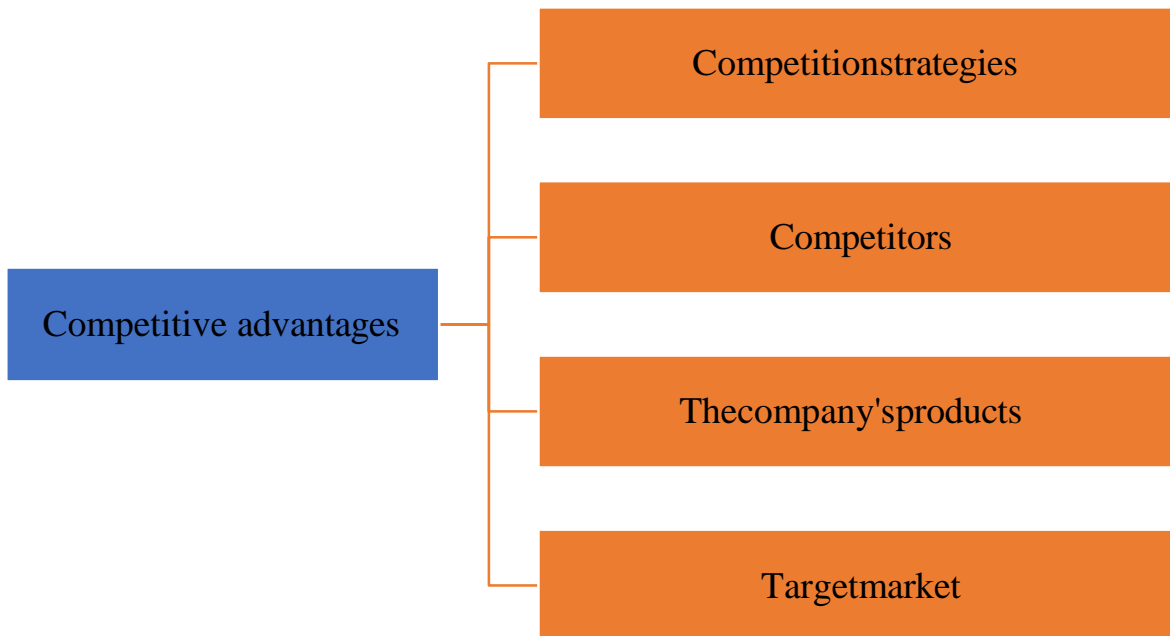


Figure1. Ways to determine competitive advantage.

To identify competitive advantages, it is necessary to analyze the needs of customers and make sure that they understand these advantages correctly. For example, the company's management may consider that it does not need advertising, as it is already known in the market. However, customers may not even know about the existence of this company. This is a typical situation for Russian business.

Karlof B. says in his work that "the simplest thing to say is that a company has competitive advantages without checking whether this is really the case and how much they meet the needs of customers. Because of this, products with fictitious advantages appear on the market"[10]. A company should have in its arsenal from four to five reliable ways to protect itself from competitors. Here are the main methods that will help the company maintain its position in the market (Figure 2).

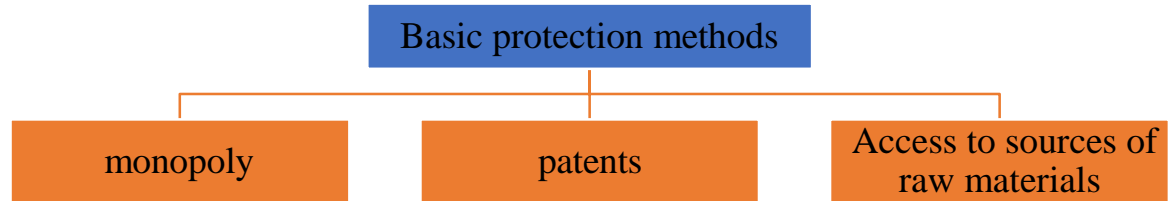


Figure2. The main methods of protection from competitors.

Currently, there are many ways to achieve a competitive advantage. Let's look at some of them:

- a) Cost advantage.
- b) The uniqueness of the products.
- c) Focus on a specific niche.
- d) Sharing resources, staying ahead of competitors.

There is a possibility of crisis in any field of activity, with the exception of those that provide basic human needs. When developing a strategy, it is important to assess the likelihood of a crisis, its causes and duration. If competitors leave the industry during a crisis, then you can choose a survival strategy and become one of the few companies that continue to operate [11], [12]. A company that is facing difficulties has several factors that can help it stay competitive:

- a) The formed circle of regular customers;
- b) A recognizable brand;
- c) Rational use of resources;
- d) The ability to optimize costs in a business downsizing environment.

5. Discussion

In an economic downturn, the choice of a company's development strategy depends on several factors. It is necessary to analyze the market prospects, assess the relationship with other business lines, study the activity of competitors, determine the company's position and barriers to exit from the industry [13], [14]. To ensure the normal economic activity of the company, it is necessary to increase the competitiveness of the product [15]. The high level of competitiveness of the product contributes to an increase in sales.

Another approach is to purchase and implement modern equipment, master new technologies, and improve the professionalism of employees. The use of modern technologies allows products to remain relevant for longer. If a manufacturer wants to create a product with similar technical and economic parameters, he will have to invest significant funds, which may not pay off due to high risks.

When developing a production plan, you can consider a variety of alternative business development options using both option and situational planning. However, this does not negate the need to consider strategic planning. The development of competition theory and strategic planning has led to the emergence of an approach that makes it possible to ensure the competitiveness of an enterprise based on competition strategies. This approach allows for an analysis of competitive advantages, but does not provide accurate

quantitative estimates of the results. Because of this, it cannot be used as the basis of a competition management system.

To summarize, in a modern market economy, the success of a company depends on the application of a variety of marketing strategies and tactics. To achieve a competitive advantage, it is necessary to work effectively in the market, understand the needs of customers, analyze the actions of competitors and monitor market trends.

6. Conclusion

A state's competitiveness in the international arena is determined by the competitiveness of its companies, economic sectors, and regions. In order for a country to be able to successfully compete on the world stage, all elements of its system must work harmoniously. The factors that determine a country's ability to successfully compete with other countries in the economic sphere are key to its competitiveness. For successful competition, it is necessary to develop and implement an effective strategy. It includes methods and initiatives aimed at attracting customers and countering competitors. This helps to strengthen the company's position in the market. There are several basic competition strategies: (1) Low-cost leadership strategy, (2) Differentiation strategy, (3) The best value strategy, (4) A strategy of focusing on a narrow market segment based on low costs, (5) A strategy of focusing on a narrow market segment based on product differentiation.

Any company's strategy is based on its strengths. They are understood as those features that allow a company to effectively use its resources and outperform competitors in economics, management, and technology. The strengths of a company can be divided into groups depending on the stage of development of the organization. They can be copy-protected and can also be achieved in various ways.

In the process of forming a strategy for the successful development of small businesses aimed at increasing competitiveness, we believe that the following steps need to be taken:

- a) Unification for a common goal. The overall goal is to implement management systems aimed at forming a comprehensive economic strategy that takes into account and coordinates the development strategies of all enterprise units.
- b) Effective management of the development process. Development of a strategy for the rational use of all resources in the enterprise's production activities: planning; analysis of consumer demand; design; development; testing (experiments); implementation and support.
- c) Ensuring stability and continuity. The application of strategies aimed at solving both current and long-term tasks of the enterprise, the development of strategies that ensure the stability and continuity of the entire process.
- d) Ensuring professionalism. Establishing specialized groups of specialists - project groups for each direction of the strategy, which provides for increasing the competitiveness of the business. Attracting professional specialists to prepare and implement decisions, ensuring their direct interest in the successful outcome.
- e) Control and verification of the implementation of decisions made. Ensuring business competitiveness is determined by the quality of decisions, effective monitoring of potential risks and consequences, as well as the timely identification of shortcomings.

In conclusion, we can say that competitive advantage is achieved and maintained only if all aspects of the company's activities are constantly developed. This requires a lot of effort and cost, therefore, the development of a competitiveness strategy involves the introduction of innovations and the effective use of existing advantages, and also requires the

introduction of innovations. The choice of a competitive strategy depends on the potential of the enterprise and the possibilities of expanding resources. The degree of implementation of the chosen strategy is largely determined by the environment in which the company operates.

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