

FACTORS INFLUENCING THE COMPETITIVENESS OF SMES IN UZBEKISTAN

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Abstract. *The paper examines the key factors that influencing the competitiveness of small and medium enterprises (SMEs) in Uzbekistan. SMEs play an important part in sustainable rural development, post-transformation processes, as well as in the integrated development of formal and informal rural institutions in Uzbekistan. According to the results, the study concluded that technology enhanced organizational competitiveness by increasing internal efficiencies and facilitating a more effective management of the external environment.*

Keywords: *competitiveness, innovation, technologies, tax incentives, SMEs, Uzbekistan.*

ФАКТОРЫ, ВЛИЯЮЩИЕ НА КОНКУРЕНТОСПОСОБНОСТЬ МСП В УЗБЕКИСТАНЕ

Аннотация. *В статье рассмотрены ключевые факторы, влияющие на конкурентоспособность малых и средних предприятий (МСП) в Узбекистане. МСП играют важную роль в устойчивом развитии сельских районов, пост трансформационных процессах, а также в комплексном развитии формальных и неформальных сельских институтов в Узбекистане. По результатам исследования сделан вывод о том, что технологии повышают организационную конкурентоспособность за счет повышения внутренней эффективности и облегчения более эффективного управления внешней средой.*

Ключевые слова: *конкурентоспособность, инновации, технологии, налоговые льготы, МСП, Узбекистан.*

INTRODUCTION

The economic efficiency of any state is determined, first of all, by the volume of the gross product per capita; the rate of inflation, unemployment; development of innovative technologies; resistance to possible world economic crises.

There are many methods and ways that affect the achievement of economic growth and the rational use of the country's resources. Small and medium business is one of the segments that have a significant impact on economic development in general.

Saturation of the market with a variety of goods and services, the formation of a healthy competitive environment, and the creation of new jobs directly depend on the confident development of small and medium-sized businesses. And, of course, - strengthening the industrial and agricultural potential of the Russian regions, improving the quality of life of the population of the country. In addition, small and medium-sized businesses are the most effective conductors of new technologies and innovations, which is due to the peculiarities of small enterprises and their advantages in R&D.

Thus, ensuring the competitiveness of small and medium-sized businesses should become one of the leading directions of the state regional policy to achieve a high level of social and economic development of the region and improve the welfare of residents.

MATERIALS AND METHODS

Increasing the competitiveness of small and medium-sized businesses in the region should be not only the task of the business itself, but also the goal of the activities of state

authorities. Power and business should jointly develop mechanisms to ensure the competitiveness of enterprises.

Enterprise competitiveness. The study of the competitiveness of enterprises, proposed in the economic literature by the authors A. Voronov, A. Dementyeva, I. Maksimov, M. Melnikova, A. Semenenko, S. Tsvetkova and others, allows us to conclude that most often the concept of "competitiveness of an enterprise "Are reduced to" ... the ability of an enterprise to produce a competitive product " [1]. However, given that at present enterprises can produce various types of products and simultaneously operate in different product (industry) markets within the framework of diversification strategies, at any given moment in time the level of competitiveness of the enterprise and the level of competitiveness of the products produced by it do not coincide. First of all, it should be noted that as a basis for comparing the level of competitiveness of an enterprise, data on competing enterprises, and not on manufactured goods, are used. At the same time, when comparing a given enterprise with competing enterprises, it is necessary to take into account various categories of competitors: direct competitors (producing the same products); indirect competitors (producing substitute goods); potential competitors (producing goods or services that allow satisfying this need in another way), which may belong to different industries or areas of activity. The choice of certain types of competitors for the enterprise under study depends on the goals and objectives of the researcher, which, in turn, leads to the use of different types of goods as a basis for comparison (basic product; substitute product; service that allows satisfying this need in another way); or various industries with the specifics of the development of competition and market relations.

Industry competitiveness. Research on the competitiveness of the industry is usually based on the definition of M. Porter, who focuses on identifying criteria for assessing the level of competitiveness in the world economy. Due to the lack of a clear concept, it is quite often that competitive industries are given out as either "specialization industries" (including international ones) or "dominant industries" (occupying a high share in the structure of the economy) [2].

Technology refers to the use of cutting-edge operating systems, information systems, and real-time data as a necessary component of operations aimed at maximum efficiency. This will undoubtedly improve the organization's competitiveness. According to Pushpakumari, M.D. and Watanabe, T. [3], technological innovation can be viewed as the catalyst for changes in an organization's competitive position, which is contingent on its ability to drive or at the very least keep up with such changes. Information technology is viewed as a new source of competitive advantage critical for long-term survival in the twenty-first century. IT enables organizations to improve their management processes and operations, as well as their productivity and flexibility. Thus, information technology has the potential to increase the efficiency and effectiveness of operations.

Although resources are classified in a variety of ways, the most widely used classification system is based on three categories: tangible, intangible, and capabilities. Williamson distinguished physical capital, human capital, organizational capital, financial capital, technological capital, and reputational capital [4]. Additionally, resources must meet certain criteria if they are to serve as sources of competitive advantage. According to some authors, and from all perspectives, while resources are sources of competitive advantage, not all resources provide these benefits.

The study used a descriptive research design and included the top 100 small and medium-sized enterprises (SMEs) in Tashkent, Uzbekistan. A stratified random sampling technique was used to select a sample size of 25 SMEs that represented 30% of the target population. Five categories comprised the stratus: real estate, supplies, services, distribution, and manufacturing. The study analyzed primary data collected through the administration of questionnaires to top management employees. The data were edited for completeness, coded, and transcribed into the Statistical Package for Social Sciences (SPSS) for analysis. Both descriptive and inferential statistics were used to analyze the data. The mean and standard deviations were used as descriptive statistics, whereas correlation and regression analysis were used as inferential statistics. Correlation analysis was used to ascertain the nature and strength of relationships between variables, whereas regression analysis was used to ascertain the independent variables' influence on the dependent variable.

Table 1

Response rate

Response Rate	Frequency	Percent
Returned	21	84%
Unreturned	4	16%
Total	25	100%

Twenty-five questionnaires were distributed; twenty-one were properly completed and returned, while four were not. This equates to an overall success rate of 84 percent.

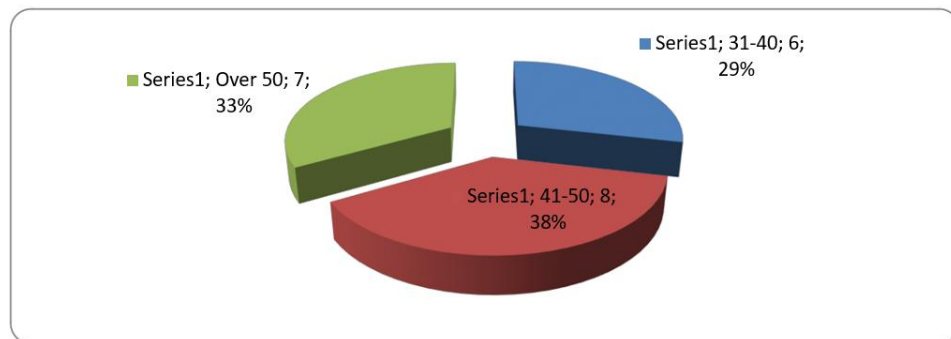


Figure 1. Age Bracket of the Respondents

According to Figure 1, 38% of respondents were between the ages of 41 and 50, 33% were over 50, and 29% were between the ages of 31 and 40. The findings indicate that respondents are evenly distributed across age groups, implying that the organization employs competent and experienced employees who provide accurate responses to the study. Adoption of technology has significant correlation with organizational competitiveness.

Table 2

Level of Adoption of Technology within SMEs in Uzbekistan

	Very low	Low	Neither high or low	high	Very high	Mean	SD
Adoption of technology has significant correlation with	0.0%	14.3 %	9.5%	38.1%	38.1 %	4	1.05

organizational competitiveness							
Technology advancement has significantly Promoted market-like forms of production and distribution in our company	9.5%	4.8%	23.8%	23.8%	38.1%	3.75	1.4
Adoption of technology promotes high levels of efficiency and performance within our organization	14.3%	9.5%	9.5%	38.1%	28.6%	3.57	1.4
E-commerce is certainly a very effective tool when it comes to establishing customer relations and provision of access to global markets.	9.5%	4.8%	9.5%	33.3%	42.9%	3.95	1.284

According to Table 2, 76.2 percent of respondents agreed that technology adoption has a significant correlation with organizational competitiveness, 61.9 percent agreed that technological advancement has significantly facilitated market-like modes of production and distribution in their organization, and 61.9 percent agreed that technology adoption promotes high levels of efficiency and performance. 76.2 percent of respondents agreed that E-commerce was an extremely effective tool for establishing customer relationships and providing access to global markets, 85.7 percent agreed that their company was able to increase market size and structure through technology, and 71.5 percent agreed that the Internet was assisting us in enlarging existing markets. Additionally, 71.5 percent agreed that E-commerce reduces information and transaction costs associated with operating in international markets and provides a cost-effective method of strengthening customer-supplier relationships, while 76.2 percent agreed that technology has prompted their company to develop innovative methods of advertising, delivering, and supporting their marketing efforts.

RESULTS

The study’s final objective was to determine the impact of organizational culture on Small and Medium-Sized Enterprises in Uzbekistan.

The findings indicate that 57.2 percent of respondents agreed that their organization encourages innovation, 61.9 percent agreed that employees are willing to try new things, and 95.2 percent agreed that employees have high performance expectations. Additionally, 76.2 percent of respondents agreed that their organization’s employees are competitive, 76.2 percent agreed that their organization’s employees collaborate with others, and 85.7 percent agreed that their organization’s employees respect individual rights. Eighty-five percent of respondents agreed that their organization is fair, 80.9 percent agreed that their organization provides job security, 71.4 percent agreed that their organizations are customer-focused and prioritize customer needs, and 76.2 percent agreed that their firms have shaped a customer-responsive culture through the hiring of outgoing employees. Means greater than 1 and less than 1.5 indicated that technology adoption had little effect on competitiveness. Means greater than 1.5 and less than 2.5 indicated that technology adoption had a minor effect on competitiveness.

Means greater than 2.5 and less than 3.5 indicated that technology adoption had a moderate effect on competitiveness. Means greater than 3.5 and less than 4.5 indicated that technology adoption had a greater impact on competitiveness. Means greater than 4.5 indicated that technology adoption had a significant impact on competitiveness. On the other hand, the standard deviation describes the response's distribution in relation to the mean. It indicates the degree to which individual responses to each factor deviate from the mean. A standard deviation greater than one indicates that the responses are moderately distributed, whereas a standard deviation less than one indicates that there is no consensus on the obtained responses. A mean of 1.122 for all statements about technology adoption indicates that responses are moderately distributed.

DISCUSSION

Not only does the small and medium-sized enterprise (SME) sector contribute significantly to economic development, but also to poverty alleviation and job creation in developing economies. The sector faces numerous constraints, most notably in terms of access to finance, markets, training, and technology. Although there are numerous benefits to strategic management, many SME organizations continue to resist its use, as some believe this process is only useful for larger organizations, failing to recognize that it is also extremely beneficial for SMEs as a whole [8]. Additionally, little research has been conducted on the factors affecting the organizational competitiveness of SMEs. To achieve a competitive advantage, an organization must differentiate itself in terms of product and service cost and quality. It's worth noting that high-quality products and services are no longer the exclusive domain of a single organization. Given the increasing competitiveness of the market and the demands and expectations of customers and potential customers for high-quality products and services, organizations are constantly strategizing to remain competitive or outperform the competition.

We expected the participation of more SMEs to have more reliable results, however the participation rate was not as we expected. We expected that E-commerce is not developed in Uzbekistan that very high rate was about 43 percent that indicates a good result. It can be explained with COVID-19, because SMEs had to provide online services during pandemic, it made them improve E-commerce. In 14.3 percent responses consider that adoption of technology promotes high levels of efficiency and performance within our organization.

CONCLUSIONS

The study concludes that strategic leadership has an effect on organizational competitiveness by establishing SMART goals and objectives and establishing clear vision and mission statements to guide the company's operations. The firm's long-term competitive advantage is contingent upon effective strategic leaders. This is because effective strategic leadership can help an organization maintain its focus during periods of economic uncertainty. A strategic leader's commitment and enthusiasm shapes the organization's common goals and inspires and motivates people to perform even better.

The study concluded that technology enhanced organizational competitiveness by increasing internal efficiencies and facilitating a more effective management of the external environment. Adoption of information technology improves the effectiveness of external activities, such as electronic marketing and e-commerce. IT is used to support operational efficiencies in order to reduce costs and increase overall business efficiency. By ensuring low-

cost and high-quality products, operational efficiencies assist businesses in gaining a competitive edge.

The findings indicate that the majority of organizations have placed a premium on developing human resources that aid in identifying and operating in markets. Additionally, they assessed their resources and capabilities and recognized their value to the firm. Thus, the study concludes that internal organizational resources benefited the competitiveness of small and medium-sized enterprises in Uzbekistan.

As a result of the conclusions and findings above, it is recommended that SMEs adopt a variety of competitive strategies in order to maintain market relevance and outperform potential competitors. SMEs should strengthen strategic leadership in key positions ranging from line managers to top management in order to educate them about their roles in promoting and sustaining the firms' long-term competitive advantage. The management of SMEs should develop and improve mechanisms for gathering market intelligence, benchmarking to ensure they adhere to the highest standards, and maintaining constant contact with their customers. This ensures continuous improvement in customer-centric services and products.

SMEs should be proactive in order to keep up with rapid technological advancements. Customer requirements are constantly evolving. Thus, by promoting strategic adoption of technology, we can achieve a high level of efficiency and cost reduction. Additionally, this increases customer convenience and service delivery speed. Small and medium-sized businesses should therefore constantly improve their technological capabilities in order to maintain and grow their market share and customer base.

The study recommends that SMEs ensure they have the appropriate resources in place at the appropriate time. This encompasses both financial and human capital. Additionally, the resources should be scarce, non-replaceable, and unique to enhance competitiveness, allowing firms to achieve a competitive advantage through the strengths and capabilities of the resources they possess. Additionally, the research recommends that executives of medium-sized businesses demonstrate a commitment to empowering company employees and developing staff to fill future vacancies.

The study recommends that SMEs always view employees as critical contributors to competitive advantage and thus involve them in all organizational processes in order to instill a new culture in the organization's structure. Additionally, SMEs in Uzbekistan require a healthy balance of organizational culture and processes in order to maintain a competitive edge. This enables employees to provide superior service to customers; they are more willing to spend time resolving difficult problems; their work is of higher quality; and they are more likely to remain with the organization.

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