

The Competitiveness of Small and Medium-Sized Enterprises (SMES) in Uzbekistan and the Factors Affecting Them

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Abstract: An important advantage of competition is that it stimulates innovation. Competition between companies can stimulate the development of new or improved products or more efficient processes. Additionally, competition can help businesses identify consumer needs and then develop new products or services to meet those needs. To succeed in today's business environment, companies must establish relationships with other stakeholders to gain access to necessary resources. Some people say that "no business stands alone," implying that businesses engage in long-term relationships, that atomic corporations do not exist, and that organizations must have strategies to succeed. They must understand how their environment is changing. Organizations must be able to respond quickly to industry opportunities and challenges. The article focuses on identifying the main factors affecting 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. Strategic leadership improves organizational competitiveness by establishing SMART goals and objectives and by establishing clear vision and mission statements to guide the organization's operations. The findings indicate that the majority of organizations have prioritized developing human resources that aid in market identification and operation. Additionally, they evaluated their resources and capabilities and recognized their significance to the organization.

Key words: competitiveness, innovation, technologies, SMEs, Uzbekistan.

Introduction

The economic efficiency of each country is determined, first, by the amount of total production per inhabitant; 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 state resources. Small and medium-sized enterprises are one segment that has a significant impact on the development of the economy in general.

The saturation of the market with various goods and services, the formation of a healthy competitive environment and the creation of new jobs are directly dependent on the confident development of small and medium-sized enterprises. 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.

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.

Literature review

Enterprise competitiveness. The study of the competitiveness of enterprises, proposed in the economic literature by the authors M. Melnikova, A. Voronov, A. Dementyeva, I. Maksimov, 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 currently enterprises can produce different types of products and simultaneously operate in different product (industry) markets as part of a diversification strategy, at any given time the level of competitiveness of the enterprise and the level of competitiveness of the products it produces 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. [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.

Materials and methods

The study used a descriptive design and included 100 of the largest small and medium-sized enterprises (SMEs) in Tashkent. Stratified random sampling technique was used to select a sample size of 25 SMEs, which 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 rate¹

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.

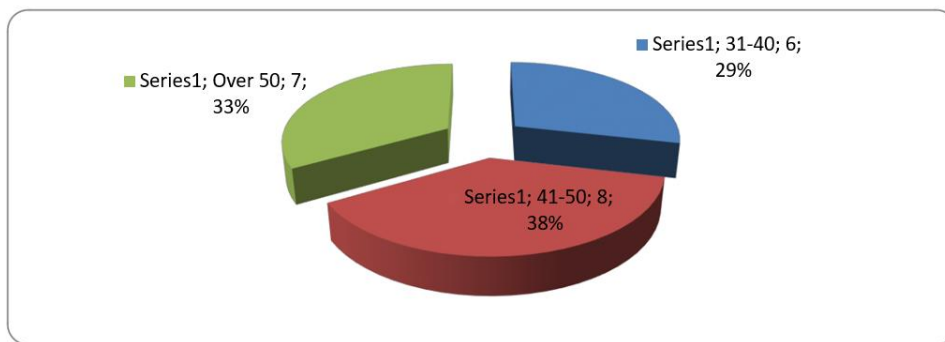


Figure 1 Age Bracket of the Respondents²

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 organizational competitiveness.	0.0%	14.3%	9.5%	38.1%	38.1%	4	1.05
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 organisation.	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

¹ Author's calculations

² Author's compilation

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

Ultimately, the purpose of the study was to determine the impact of organizational culture on small and medium-sized enterprises (SMEs) in Uzbekistan, which was achieved. Approximately 57.2 percent of respondents agreed that their organization supports innovation, 61.9 percent said that employees are open to try new ideas, and 95.2 percent felt that their firm has high performance standards for its employees, according to the data. Additionally, 76.2 percent of respondents agreed that the employees of their firm are competitive, 76.2 percent agreed that the employees of their business collaborate with others, and 85.7 percent agreed that the employees of their organization respect individual rights. In the survey, 85.5 percent of respondents said that their organization is fair, and 80.9 percent said that their organization provides job security. Seventy-one percent said that their companies prioritize customers' needs, and 76.2 percent said that their companies have created a customer-responsive culture through the hiring of departing employees. The presence of a mean greater than 1 and less than 1.5 suggested that technological adoption had little impact on competitive advantage. Using means more than 1.5 and less than 2.5, it was determined that technological adoption had a small impact on competitiveness. Technology adoption had a moderate impact on competitiveness if the mean was larger than 2.5 and less than 3.5, according to the results. Higher means and lower means suggested that the adoption of new technologies was having a bigger influence on competitiveness. It was found that adoption of new technologies had a considerable impact on competitiveness when the mean was more than 4.5. However, the standard deviation describes the distribution of responses as a function of their distance from a certain mean. It illustrates the extent to which individual responses to each component differ from the mean.

Responses with a standard deviation greater than one suggest they are moderately distributed, but responses with a standard deviation less than one indicate a lack of consensus on the results. The mean of 1.122 for all comments on technology adoption indicates that responses are fairly spread across the population.

Compared to other types of technologies, ICTs lend themselves to widespread adoption across all sectors of the economy. These encompass both industrial and social markets, as information and communication are critical components of any economy [12][16]. Computer networks are critical for commercial and entrepreneurial operations, with the internet in particular being critical for the creation and consumption of goods and services, as well as being a critical component of many people's everyday lives[14][19]. This is why ICT adoption and development are critical components of national competitiveness, as they change the financial environment, as well as the markets for products and labor [13]. Developed countries have made significant investments in the implementation and development of ICTs, aiming to transition from an industrial or community economy to a global knowledge-based economy [17]. According to the World Economic Forum [15][18], digitization, access to and use of ICTs, as well as their development, enable governments to generate greater chances for citizen wellbeing, as these have a direct effect on populations.

Discussion

Small and medium-sized enterprises (SMEs) contribute significantly to economic development, as well as poverty alleviation and job creation in developing countries. The sector faces many constraints, particularly in relation to access to finance, markets, training and technology. Although strategic management has many advantages, many SMEs are still against its use because some believe that this process is only useful for larger organizations, not realizing that it is also very useful for SMEs as a whole [8]. In addition, there has been little research on the factors affecting the competitiveness of the SME organization. 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 that the participation of more SMEs would yield more reliable results, but the participation rate was not what we expected. We expect that e-commerce is not growing in Uzbekistan at a very high rate of about 43%, which indicates a good result. This could be due to COVID-19, as SMEs had to provide services online during the pandemic, forcing them to improve their e-commerce operations. 14.3% of responses said that technology adoption would drive high levels of efficiency and performance within our organization.

Many businesses around the world closed for extended periods of time as societies went into lockdown due to COVID-19 and residents were urged to stay home. Some of these businesses will remain closed. Enterprises that were unable to cover accumulated costs in the face of declining sales found themselves beyond the point of no return. Notably, not all businesses have been equally affected by Covid-19. Naturally, the sector in which the firm operates is critical—for example, in the Caribbean, the tourism sector has been particularly hard hit by COVID-19. Beyond the sector in which the business operates, however, the firm's size is critical. Often, larger firms are better equipped to weather a shock like COVID-19, for example, if their size enables them to accumulate a larger cash reserve, gain easier access to finance, invest in teleworking infrastructure, adapt to providing home delivery services, or diversify their business across multiple locations. Throughout the pandemic, governments' economic relief strategies have prioritized assistance to struggling businesses (and their employees). These measures have taken a variety of forms, including payment deferral, credit facilitation, and the provision of grants or subsidies. However, many Latin American and Caribbean (LAC) countries have struggled to provide adequate support to SMEs due to the reality of limited financial space. As a critical source of employment and economic prosperity for many communities across the region, it is vital that we work to help SMEs recover. This requires both sustainability and investment in productivity. On the one hand, the pandemic has highlighted the critical importance of building the resilience of individual SMEs to shocks. On the other hand, it provided an opportunity to reflect on the untapped production potential of SMEs.

Conclusions

The study concludes that strategic leadership influences an organization's competitiveness by establishing SMART goals and objectives and establishing a clear vision and mission statements to guide the company's operations. A firm's long-term competitive advantage depends on effective strategic leaders. This is because effective strategic leadership can help an organization maintain focus during periods of economic uncertainty. The commitment and passion of a strategic leader shapes the overall goals of the organization and inspires and motivates people to do better. The study concluded that technology has improved organizational competitiveness by increasing internal efficiency and facilitating more effective management of the external environment. Applying information technology helps improve the efficiency of external activities, such as e-marketing and e-commerce. IT is used to support operational efficiency to reduce costs and increase overall business efficiency. By ensuring products with low cost, high quality, and

operational efficiency help businesses gain a competitive advantage. 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 should always consider employees as essential contributors to competitive advantage and thus involve them in all organizational processes to inculcate culture new to the organizational structure. Additionally, SMEs in Uzbekistan need a healthy balance between organizational culture and processes to maintain a competitive advantage. This allows employees to provide better service to customers, they are willing to spend time solving more difficult problems, their work is of better quality, and they are more likely to stay with the organization.

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