



## SPACE ANALYSIS OF THE INTERNAL AND EXTERNAL ENVIRONMENT OF TEXTILE ENTERPRISES IN UZBEKISTAN

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**Abstract:** Analysis of the internal and external marketing environment of textile enterprises in Uzbekistan operating in a competitive environment and changing market conditions, market position was studied. Analysis of internal and external marketing environment of textile enterprises, market position was used in SPACE-analysis. In this article, the strategic position and situation of the textile enterprises in Uzbekistan in the market is determined, and relevant practical recommendations are developed.

**Keywords:** marketing environment, internal and external environment, stability of external environment, industrial attractiveness, competitive advantage, financial stability, strategic position in the market.

### Introduction

As a result of the implementation of deep structural changes and diversification in the economy of Uzbekistan, fundamental changes are taking place in all sectors and areas of the economy during 2017-2022. Laws in the field of economy are being adopted in a new version. As a result, all network markets are moving to operate on the basis of real market mechanisms. In particular, the main factor of fundamental changes in the textile sector was the abandonment of the state order in cotton cultivation, the establishment of cotton-textile clusters based on large textile enterprises, and the transfer of cotton cultivation, harvesting and processing to the private sector. Decision No. 4633 of the President of the Republic of Uzbekistan dated March 6, 2020 "On measures to introduce market principles in the cotton industry" has become a decision that will fundamentally change the cotton and textile industry and fully reveal its high potential.

Today, textile enterprises operating in Uzbekistan are operating in conditions of sharp market changes. New export markets are being developed, and the assortment of ready-made textiles and sewing-knitting products is expanding. In such conditions, every enterprise should study its marketing environment. Because there are significant changes in the international and domestic market conditions. Therefore, each enterprise should assess the level of influence of its internal and external marketing environment and influencing factors.

Based on the widely used SPACE-analysis in the world experience, the aim is to assess the internal and external marketing situation of textile enterprises operating in Uzbekistan.

### Literature analysis on the topic

Foreign experts have conducted extensive scientific research on the analysis of the market situation and opportunities of enterprises, and the methodology of determining the strategic situation. Ansoff, a famous American expert, studied the theoretical issues of strategic planning of companies, development of corporate strategies [1]. The main stages of strategic

marketing planning are the research of internal and external marketing environment, based on the situation in the environment, strategic management issues are reflected [2].

Analysis of strengths and weaknesses in determining strategic opportunities of companies Djenster P. researched in scientific works [5]. The scientific-theoretical basis of the analysis of internal and external environments in marketing activities is also widely studied in the research of Assel Henry [8].

### **Research methodology**

The method of expert survey and expert assessment was used in researching the internal and external marketing environment of textile enterprises of Uzbekistan. Based on the expert survey, the factors affecting the internal and external environment of enterprises operating in Uzbekistan were determined. A weight coefficient was assigned to each factor, and the level of influence on marketing efficiency was evaluated. Also, in the study, the state of the internal environment of textile enterprises, threats of the external environment were determined using the methods of economic-statistical analysis, SPACE analysis and matrix, and monographic observation methods.

### **Analysis and results**

At the final stage of the analysis of the internal and external marketing situation of enterprises, the strategic position (position) of the enterprise in the market is evaluated with the help of the SPACE-analysis method, which is widely used in world practice. SPACE-analysis is designed to choose a competitive strategy based on a 4-dimensional analysis of the components of the external and internal environment of the enterprise. The external environment is analyzed in the following context:

Stability of the external environment (ES). The following indicators are used to assess environmental stability (Table 1):

- technological changes;
- inflation;
- volatility of demand;
- competitive pressure;
- the difference between the prices of competing goods;
- pressure of substitute goods.

Industry Attractiveness (IA). When assessing the attractiveness of the industry, attention is paid to the following (Table 2):

- growth potential;
- profit potential;
- financial stability;
- level of use of production resources;
- market entry barriers;
- labor productivity;
- opportunities to negotiate more favorable terms with suppliers and customers.

In SPACE-analysis, the internal environment is characterized by two sets of indicators.

Competitive advantage (CA). When assessing competitive advantage, the following factors are studied (Table 3):

- market share;
- product life cycle stages;
- product quality;

innovation cycle;  
customer loyalty;  
vertical integration.

Financial stability (FS). The following indicators are used in the analysis of financial stability (Table 4):

return on investment (ROI - return on investment);

liquidity;

availability of necessary capital;

debt ratio (Debt Ratio);

cash flow (Cash Flow);

financial risk.

SPACE-analysis can be used by the company's management in making strategic decisions. First stage of analysis: Scores are assigned to each factor in the 4 dimensions. Scores are assigned from 0 to 5 for financial sustainability and industrial attractiveness (FS&IA) and from 0 to -5 for environmental sustainability and competitive advantage (CA and ES).

In the second stage of the analysis, the average value is calculated for each of the 4 categories of factors. The calculated vector indicates the position (position) of enterprises in the market (marked with a symbol). The information is based on expert assessments. We will carry out SPACE-analysis on the example of enterprises operating in Uzbekistan.

**Table 1**

**Assessment of the stability of the enterprise environment**

technological changes	high	0	-1 ☆	-2	-3	-4	-5	low
inflation	high	0	-1	-2 ☆	-3	-4	-5	low
demand volatility	high	0	-1	-2	-3 ☆	-4	-5	low
competitive pressure	high	0	-1	-2	-3	-4 ☆	-5	low
the difference between the prices of competing goods	high	0	-1	-2 ☆	-3	-4	-5	low
pressure of substitute goods	high	0	-1	-2	-3	-4 ☆	-5	low

**source: calculated by the author.**








$$SE = -1 + (-2) + (-3) + (-4) + (-2) + (-4) = -16/6 = -2,6$$

As a result of the assessment of the environmental stability of the enterprises producing textile products based on 6 factors by the experts, the environmental stability of the enterprise is 2.6.

Today, industry attractiveness (IA - Industry Attractiveness) of textile enterprises in Uzbekistan is one of the most important indicators. Industry attractiveness is a concept that

describes the possibility of long-term and stable sales and profits for an enterprise in a certain segment of the market. The results of the assessment of the industrial attractiveness of textile enterprises by experts are presented in Table 2.







**Table 2****Assessment of industrial attractiveness of the enterprise**

growth potential	small	0	1	2 	3	4	5	big
profit potential	small	0	1	2	3 	4	5	big
financial stability	low	0	1	2	3 	4	5	high
level of use of production resources	ineffective	0	1	2	3	4 	5	efficient
market entry barriers	low	0	1	2 	3	4	5	high
labor productivity	low	0	1 	2	3	3	3	high
opportunities to negotiate more favorable terms with suppliers and customers	low	0	1	2	3	4 	5	high

**source: calculated by the author.**

$$IA=2+3+3+4+2+1+4=19/7=2,7$$

**Table 3****The state of competitive advantage of the enterprise**

market share	big	0	-1	-2	-3	-4	-5 	small
product life cycle stages	initial	0	-1	-2 	-3	-4	-5	final
product quality	high	0	-1 	-2	-3	-4	-5	low
innovation cycle	initial	0	-1 	-2	-3	-4	-5	final
consumer loyalty	strong	0	-1	-2	-3 	-4	-5	weak
vertical integration	low	0	-1	-2	-3 	-4	-5	high

**source: calculated by the author.**

$$CA= -5+(-2)+(-1)+(-1)+(-3)+(-3)=-15/6=-2,5$$

It should be noted that competition plays a key role in the analysis of the external state of enterprises. The results of competitive analysis are also important.

**Table 4**
**Financial stability of the enterprise**

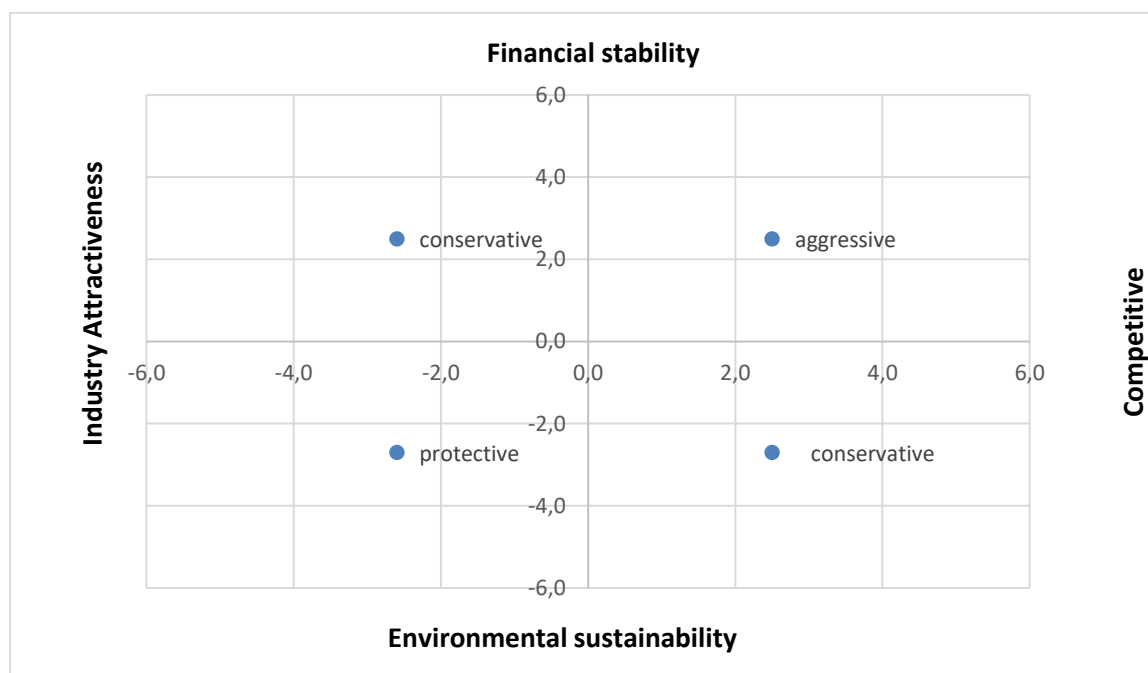
return on investment	low	0	1	2	3 ☆	4	5	high
liquidity	not aligned	0	1	2	3 ☆	4	5	harmonized
availability of necessary capital	low	0	1 ☆	2	3	4	5	high
debt ratio	low	0	1	2 ☆	3	4	5	high
cash flow	strong	0	1	2	3 ☆	4	5	weak
financial risk	low	0	1	2	3 ☆	4	5	high

**source: calculated by the author.**

$$FS=3+3+1+2+3+3=15/6=2,5$$

At the final stage of the SPACE analysis, we create the SPACE matrix in the Excel program using EXCELFILERSPACE. The position occupied by the four coordinates in the matrix is called:

- 1) aggressive; 2) competitive; 3) conservative; 4) protective.


**Figure 1. SPACE matrix.**

**Table 5****A brief description of the strategic market position of the textile enterprises studied**

Strategic position	Brief description of strategic positions
Aggressive	This position is typical of an attractive industry with environmental uncertainties. It will gain a competitive advantage with the help of financial potential. Threats are insignificant, attention should be focused on ensuring the achievement of the set goals. The main marketing strategies should be focused on: expansion of production and sales; use of price strategies of "taking the cream" and "best use" of the market; development of new market segments; brand promotion.
Competitive	This position is typical of an attractive industry. An enterprise will have a competitive advantage in a relatively changing environment. Financial capacity is an important factor. Threats of financial loss should be countered. The main strategy should focus on: search for alternative financial resources; development of trade networks.
Conservative	This position is usually observed in stable markets with low growth rates. In this situation, the main focus is on financial stability. The most important factor is the competitiveness of the product. The main strategy should focus on: cost reduction while improving product quality; reducing production and entering promising markets.
Protected	This position arises when a competitor operates in an attractive industry but lacks product and financial competitiveness. The main strategy should focus on: paying special attention to the mechanisms for eliminating threats; removing ineffective products from the market.

**Conclusion**

Based on the results of the analysis of the internal and external marketing situation and strategic position of textile enterprises operating in Uzbekistan, the following conclusions were reached:

1. As a result of technological changes in the textile sector, increased attention to innovative activities, the increase in production capacity of enterprises, the possibility of equipping production techniques, equipment, production tools with the latest brands, and the reduction of direct losses in product production are ensured.
2. The development of suppliers, intermediaries and logistics companies and trade infrastructure serves to increase the sales turnover of enterprises.
3. The weakness of the marketing strategy in enterprises has a negative impact on ensuring competitive advantage, mastering new sales markets, diversifying the assortment of goods, and the position of the enterprise and its brand in the market.



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