



## THEORETICAL ASPECTS OF ANALYSIS AND SELECTION OF A COMPETITIVE STRATEGY FOR BUSINESS DEVELOPMENT

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**Abstract:** The article examines the main theoretical and methodological approaches to the organization's competitive strategy for business development. The significance of the article is that its results allow: to identify trends in the development of competitive strategies; to determine the intensity of competition in a particular market; to increase the competitiveness of business structures in the context of increasing globalization.

**Key words:** business development, strategy, risk analysis, economy, strategic management, enterprises.

### Introduction

In the most general terms, strategy can be defined as an effective business concept, supplemented by a set of real actions that can lead this business concept to achieving a real competitive advantage that can be maintained for a long time. Strategy development should be based on a deep understanding of the market, an assessment of the company's position in the market, and an awareness of its competitive advantages.

In the context of increasingly tough competition, enterprise development depends on three groups of factors: the internal environment, the external environment, and dynamic capabilities.

A new management concept is needed that adequately reflects changes in the economy. Strategic management is such a new concept for the domestic economy. **Methods**

The methodological basis of the research are the main provisions of the theory of competitive advantages and the patterns of practice of developing a competitive business strategy, disclosed in the works of domestic and foreign scientists.

Strategic management is extremely important for companies that face difficulties in implementing fundamentally new strategies for their development. In the conditions of tough competition and a rapidly changing situation, companies must not only focus on the internal state of affairs, but also develop a long-term strategy of behavior that would allow them to keep up with the changes occurring in their environment. Acceleration of changes in the environment, the emergence of new demands and changes in consumer positions, increased competition for resources, internationalization of business, the emergence of new unexpected opportunities for business opened up by the achievements of science and technology, the development of information networks that make it possible to quickly disseminate and obtain information, the wide availability of modern technologies, the change in the role of human resources, as well as a number of other reasons have led to a sharp increase in the importance of strategic management.

### Discussion

Enterprises are constantly faced with the need to review their development strategies, search for new ideas and new managers who are able to quickly adapt to constant changes in the economic market. Dynamically developing markets are associated with a number of factors:

- Growing demands of consumers of services for their quality and implementation and high awareness of this consumer about the services of competitors.
- Active strategy of competitors in the consumer market. Expansion of product offerings.
- Currently, consumers are offered such a range of goods and services that could satisfy the most demanding buyer. This poses a new challenge for companies wishing to become leaders in a particular industry: they must learn to anticipate the desires of customers, which they themselves do not yet know about. It is necessary to create a product of tomorrow.
- Convergence of technologies. Internet technologies, a mobile phone with access to e-mail and Internet access have long been a reality. High technologies continue to actively develop and interpenetrate each other.
- Global competition. This factor is one of the most important, because it is thanks to it that companies enter the race for the consumer, which forces them to constantly improve the quality of their products and come up with more and more new projects and ideas to increase their market share.
- Rapid obsolescence of information. What allows us to be a leader in a particular area today will become history tomorrow. High technologies make high demands. In order to keep up with competitors, the head of the company must constantly take care of innovative support for his hotel's activities, continuous training of personnel and his personal growth.
- Greater interconnectedness of market participants. The interpenetration of various industries leads to closer cooperation between the enterprise and its consumers, suppliers and even competitors. This determines more civilized relations in the market, contributes to the establishment of new forms of interaction between them [3].

A company's strategy is a comprehensive management plan that should strengthen the company's position in the market and ensure coordination of efforts, attraction and satisfaction of consumers, successful competition and achievement of global goals.

The current strategy development process is based on a thorough study of possible directions of development and activity using various methods of analysis and the subsequent selection of a general direction, markets to be developed, needs to be served, competition methods, resources to be attracted and business models [4].

It clearly follows from the above definition that a strategy is a kind of plan (guideline, reference point, direction of development). However, when implementing a strategy, companies are faced with the fact that they do not strictly adhere to it, but rather consider it as a principle of behavior. Expressing a strategy through the concept of position is narrower, since in this case it implies the location of certain goods or services on the market. A strategy-perspective sets the direction of the company's development as a whole, shows where the organization is striving to get to in a few years. Since any enterprise wants to exist for a long time, it understands that it is not alone in the market and can be involved in the fight with competitors, a correctly chosen strategy becomes its method in this fight.

The importance of strategy for an enterprise is great. But it can be noted that any strategy has both positive and negative aspects:

1. "Strategy sets the direction."

Advantage: in the current conditions, the company has a reliable development course.

Disadvantage: the strategic course can prevent the organization from noticing new market factors in time, which can become potential threats.

2. "Strategy coordinates efforts."

Advantage: by organizing the actions of employees, strategy prevents chaos.

Disadvantage: excessive coordination of efforts leads to "groupthink" within the framework of a given strategy, preventing the emergence of new ideas and the use of new opportunities.

3. "Strategy characterizes the organization."

Advantage: strategy reflects the general character of the organization and demonstrates its distinctive features.

Disadvantage: too simplified view of the company, contributing to the emergence of stereotypes.

4. "Strategy provides logic."

Advantage: strategy eliminates uncertainty and provides order.

Disadvantage: this approach hinders creativity [5].

The listed disadvantages can be mostly eliminated if the enterprise promptly abandons its views on strategy as something static and makes regular adjustments based on constant analysis of its internal and external environment.

The following can be used to conduct strategic analysis:

- Identification and assessment of information that must be taken into account when developing a strategy.

- Definition of the external and internal environment of the enterprise that will be analyzed.

- A set of analytical methods used.

M. Porter believes that there are three main areas of developing a company's development strategy. One of the areas of production is associated with leadership in cost minimization. This type of strategy means that the company achieves the lowest production and sales costs and, as a result, can determine lower prices for similar products. This allows it to achieve a larger market share. Firms implementing this type of strategy must have a good organization of production and supply, the most optimal technology and a good system of product distribution.

The percentage reduction in cost or production time usually corresponds to the growth rate that is achieved at the moment of doubling the accumulated volume of production. This reduction occurs as a result of two factors associated with the accumulation of experience and an increase in production volume. These factors are:

- the learning effect, which manifests itself not only at the production level, but also at the organization level;

- the effect of cost savings associated with an increase in production volume: fixed costs are distributed among a large number of goods, while variable costs are often reduced as a result of better labor organization.

It is well known that when the total volume of production is doubled, its secondary doubling becomes quite difficult, and accordingly the growth rate slows down. Graphically, the growth rate is determined by plotting the option curve.

A number of conclusions can be drawn by analyzing the option curve.

Firstly, the enterprise that has accumulated the largest volume of production will have the lowest costs. Second - the enterprise will always, and especially when launching new products, strive to conquer the largest part of the market in order to accumulate experience and thus reduce costs and gain a price advantage. Third - to achieve this goal, the enterprise is often forced to set the selling price below the cost price at the initial stage and bear the associated losses for a certain time.

Secondly, the area of strategy development is associated with specialization in the production of products. In this case, the company carries out highly specialized production and marketing in order to become a leader in the field of highly specialized products designed for a certain, specific group of consumers. This leads to the fact that buyers choose this brand, even if its price is quite high. [10].

There is also a third area of strategy definition, which takes into account the relationship between fixing certain market segments and concentrating the firm's efforts on the chosen strategy.

To assess the market situation and refine the marketing strategy, you can answer the following questions:

1. Where should the first trading profit appear, in relation to the stages of the life cycle of the product manufactured by the company? When analyzing this information, we recommend building a strategy for mass production of a new product along the profit curve, since in this case it is possible to make a medium-term (up to three years) market forecast.

2. What are the patterns of growth of the company's profit from the sale of goods:

- a) the growth rate of the mass of profit is less than the growth rate of sales volume;
- b) the sales volume and the growth rate of profit are the same or close;

c) the growth rate of the mass of profit is higher than the growth rate of sales. These differences depend on the size of current costs for such components of marketing as sales promotion, advertising, choice of distribution channels, organization of the delivery process, after-sales service, etc.

3. At what stage of the life cycle of a new product does the profit from its sale reach its maximum value?

When applying marketing strategies using pricing instruments, it is necessary and should be necessary to consider both qualitative and quantitative arguments in favor of one or another option for achieving a local profit maximum based on an analysis of competitors' behavior, readiness to master the release of a new product, etc.

4. How does profit decrease based on an analysis of the current market situation and the chosen marketing tactics (supportive marketing in terms of stimulating the market using the pricing mechanism or removing the product from production, i.e. leaving the market)?

- the decline in sales volumes is slower than the decline in profit;
- the sales volume and the decline in profit rates are equal or close;
- the decline in sales volumes of a new product is faster than the decline in profit [11].

We can consider these points in more detail.

1) Evaluation of the existing (current) strategy. The initial assessment of the current strategy is already carried out at the previous stage - assessment of internal capabilities. However, when assessing the existing reserves at the enterprise, allowing us to increase the efficiency of its functioning, we did not previously assess the viability of the current strategy and the formulated rules of conduct.

2) The formulation phase itself. Any strategy is a unified basis for organizational efforts and requires the development of a series of strategic plans at the enterprise level as a whole and at the division level. Naturally, each strategic plan is part of the overall plan, and the enterprise strategy unites them all together. The basis of any strategic plan of the enterprise is its basic strategy. The choice of the basic strategy is the prerogative of the enterprise management. The management, evaluating and analyzing the information obtained at the previous steps, makes the final decision.

3) Risk planning. Risk planning is one of the important components of the strategic plan. It makes it possible to maintain a high level of counteraction to disturbances in the external environment and reduce losses from these disturbances.

4) Selection of strategic alternatives. When choosing a specific basic strategy, it is necessary to consider several courses of action, which are usually called strategic alternatives. The development of a strategy should affect all levels of enterprise management, since the decisions made during strategic planning are relevant to all employees of the organization. Therefore, it is necessary to coordinate interests when developing a strategy. Group discussion, in addition, allows you to consider a large number of alternatives. The similarity of opinions in a group choice is significantly lower than in the case of sole management. Therefore, group discussion and sole adoption of the final correct decision usually take place [2]. There are many different enterprise strategies. But any strategy should be based on competitive advantages. Strategic management can be defined as the management of competitive advantages.

### **Conclusion**

Today, almost all the main functional units of industrial enterprises have a certain idea of the external environment. However, the procedures for collecting, analyzing and transmitting information about it are carried out in most cases without purpose, spontaneously and accidentally, so it does not provide a holistic idea of the external environment and its impact on the results of the enterprise's activities.

Based on the above, we can conclude that the only correct option for a modern enterprise to achieve effective long-term functioning and successful development is to pay increased attention to the implementation of an analysis of the external environment. And this requires the development and implementation of a comprehensive analysis taking into account the individual characteristics of the enterprise with appropriate personnel, financial and technical support. Only under this condition can we count on the effectiveness of the strategic and operational tactical management decisions taken.

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