

## A STUDY OF THE ROLE OF COMPETITIVE POTENTIAL IN STRENGTHENING THE ECONOMIC POTENTIAL OF THE ENTERPRISE

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### ABSTRACT

*When thinking about potential theory, it covers a wide range of ways to increase the efficiency of its use: economic potential, market potential, financial potential, resource potential, production potential, labor potential, stock potential, innovation potential, investment potential, information potential, intellectual potential, organizational a wide classification of potential types such as capacity, strategic potential, management potential, synergistic potential, etc. has been used.*

**KEYWORDS:** *Capacity, Efficiency, Economic Potential, Market Potential, Financial Potential, Resource Potential, Production Potential, Labor Potential.*

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### INTRODUCTION

The successful development of any enterprise depends on the effective use of its internal potential. It is the capabilities of the enterprise that determine how efficiently and successfully it can develop its business in the future. This means that the development of enterprises and the growth of their market value occur only when there is a common potential. Therefore, the formulation and implementation of business development strategy is based on the capacity of the enterprise.

When considering the theory of potential, it covers a wide range of efficiency: economic potential, market potential, financial potential, resource potential, production potential, labor potential, stock potential, innovation potential, investment potential, information potential, intellectual potential, organizational a wide classification of potential types such as capacity, strategic potential, management potential, synergistic potential, etc. has been used.

The existence of several types of potential is their ability to generate income in the process of economic activity as an enterprise asset. As long as the economic potential of the enterprise serves to ensure its financial stability with the availability of sources of its formation, material and intangible, financial and labor resources in accordance with the main purpose of the business, the problem of managing its economic potential will always remain relevant.

Based on the analysis of scientific views on the content of economic potential, they can be divided into the following approaches:

1. Approaches to economic potential as an aggregate of the business capacity of the enterprise. The emphasis is on the ability to produce goods and services, and describe the direct production capacity of the enterprise and how to use it.
2. Approach to economic potential as a set of resources at the disposal of the enterprise. This approach addresses the issues of logistics, rational use of natural, labor, financial, information and other resources as components of economic potential.
3. Views on the economic potential of the enterprise as an economic efficiency that can be achieved through the efficient use of existing production resources in the future. In turn, economic potential refers to economic power and is characterized by the fact that in a given period the enterprise has reached a certain level of development.
4. An approach to economic potential from the point of view of production relations inherent in any socio-economic system is the study of the opportunities for participants in economic relations to use their potential in the process of creating material goods.

In the economic literature, there are many studies devoted to the interrelated nature of concepts such as "economic potential" or "production potential". A.N.Azriliyan<sup>[1]</sup> defines "economic potential" as an aggregate ability of an enterprise to produce and produce goods and services, meet the needs of the population and society, and ensure the development of production and consumption. "Production capacity" is interpreted as the possible volume or capacity of production using the available resources.

It should be noted that economic potential is not determined only by the availability of economic resources, as economic growth is ensured through the integration of resources and their efficient use. Accordingly, sustainable economic growth is directly related to the qualitative and quantitative characteristics of the total economic potential and the level of utilization of economic resources at the disposal of the enterprise.

The basis of economic potential is production capacity, the decisive factor of which are various forms of material, financial, labor, intellectual and other resources. However, practice shows that theoretically enterprises with the same production capacity do not have the same economic potential. That is, their utilization rate of production capacity may be different, or the income they receive may be different even when the product production capacity is the same. That is, the income received here is of primary importance.

The economic potential of an enterprise means the sum of all its internal capabilities for its effective operation, which in certain cases may be fully or partially realized or may not be used at all.

Competitiveness is a key factor in successful trading in a market economy, which reflects its superiority and agility over others.

Competitiveness of an enterprise means that it produces a competitive product using its own resources, production and management potential effectively. At the same time, competitiveness integrates the structure and management system of enterprises, the factors and features of development. The process of creating a competitive advantage within each enterprise is ultimately the basis for strengthening the national economy.

Competition is seen as a driving force for improving product quality, reducing costs, and increasing labor productivity. When supply exceeds demand, competition arises not between enterprises but between their products.

While having a competitive advantage is an economic reason, competitiveness is a consequence of it. The competitive potential of the enterprise is the basis for ensuring that both of them operate as an economic category. That is, competitiveness - if there is potential, achieving competitive advantages - can be recognized as the degree of utilization of this potential<sup>[2]</sup>.

A group of researchers<sup>[3]</sup> define the competitive potential of an enterprise as internal and external competitive opportunities that can ensure effective competition by forming competitive advantages using material and intangible resources.

Competitive potential is the ability of an enterprise to realize its potential in the market as fully as possible at the expense of a certainly regulated set of internal and external resources and to achieve a synergistic effect using this set of resources.<sup>[4]</sup> Some studies have also described competitive potential as a set of resources and opportunities, an integral part of overall capacity, factors of innovation and resilience. Based on the results of our research on competitive potential: the main conditions for its formation and development have been identified:

**TABLE 1.1 COMPONENTS OF COMPETITIVE POTENTIAL AND THE MAIN DIRECTIONS OF THEIR DEVELOPMENT <sup>[5]</sup>**

№	Approximate elements of competitive potential	Development directions
1.	Marketing potential	<ul style="list-style-type: none"> <li>-Organization and conduct of marketing research;</li> <li>-study of consumer behavior and influence on the formation of their requirements;</li> <li>- Improving the system of marketing information and communications;</li> <li>-use of modern means of product promotion in the market;</li> <li>-benchmarking.</li> </ul>
2.	Innovative potential	<ul style="list-style-type: none"> <li>- Accelerated application of scientific and technical achievements in production;</li> <li>-Organization of research departments on the basis of the enterprise;</li> <li>-involvement of different levels of staff in the process of innovation development.</li> </ul>

3.	Resource potential	<ul style="list-style-type: none"> <li>-use of modern and economical means of production;</li> <li>-increase of fund return, reduction of fund capacity;</li> <li>- optimization of production capacity;</li> <li>- optimization of production and other costs;</li> <li>- Accelerate the turnover of working capital;</li> <li>-reduction of working capital per unit of output;</li> <li>- renewal and expansion of production assets through reinvestment of profits;</li> <li>-improvement of product quality control system:</li> <li>- Introduction of quality management in management;</li> <li>- optimization of staff and reduction of staff turnover;</li> <li>- training and retraining of staff;</li> <li>- effective organization of the system of material and moral incentives for employees;</li> <li>-improvement of relations with suppliers and the logistics system.</li> </ul>
4.	Business potential	<ul style="list-style-type: none"> <li>-introduction of corporate values in the enterprise and development of organizational culture;</li> <li>-creation of a healthy internal competitive environment between departments and employees;</li> <li>-formation of a healthy spiritual and mental environment in the community;</li> <li>-implementation of social support programs, etc.</li> </ul>
5.	Digitization potential	<ul style="list-style-type: none"> <li>- digitization of statistical database and reporting activities;</li> <li>- digitization of production activities;</li> <li>-digitalization of processes at the subject and system level;</li> <li>-organize the integration of subject, system and macro-level systems;</li> <li>-other digitization processes</li> </ul>
6.	Market potential	<ul style="list-style-type: none"> <li>-find additional needs for enterprise products and turn them into demand;</li> <li>- Improving the system of incentives to attract customers;</li> <li>- Development of new market segments.</li> </ul>

- Availability of founders and opportunities to form competitive potential;
- Availability of methods, techniques and tools that turn the competitive potential of the enterprise into its competitive advantages in practice;
- Opportunities to assess the competitive potential of the enterprise and compare it with the performance of competitors;
- The ability of the enterprise to adapt to changing market conditions, taking into account the impact of environmental factors.

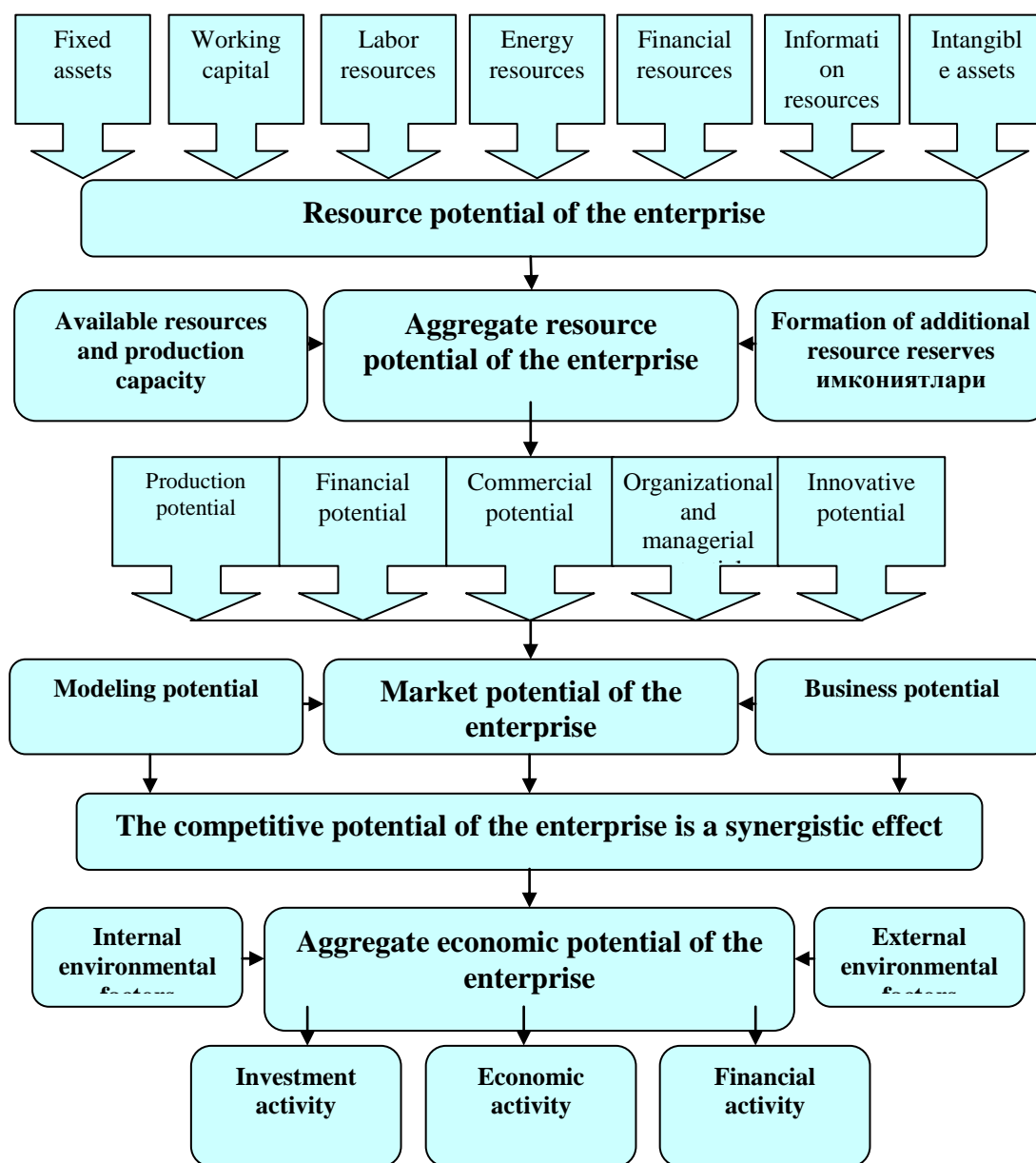
The company can take a competitive position in the market in a favorable external environment, forming a competitive potential at the expense of internal capabilities. This requires the

development of key areas of development strategy, based on limited access to internal resources. Based on the results of the study, the competitive potential was divided into 6 main components: marketing potential, innovation potential, resource potential, business potential, digitalization potential and market potential, and the main directions of their development were identified. (Table 1.1).

The study concludes that the competitive potential of the enterprise as an integral element of economic potential forms the economic potential at the strategic level in coordination with the following functional components: production, financial, marketing, organizational, management and innovation capabilities (Figure 1.1).

The formation of competitive potential is a dynamic process, the use of which:

- To expand production capacity in accordance with its growth rate:
- Ensuring that the formation of competitive capacity is consistent with the principles of continuity and comprehensiveness;
- Effective use of competitive potential to meet the demand for products and services as much as possible within the available resource opportunities and to focus on maximizing economic benefits;



**Figure 1.1. The mechanism of formation of the competitive potential of the enterprise and its impact on the overall economic potential<sup>[6]</sup>**

- Achieving full satisfaction of the material potential of the resource potential of the competitive potential;

-Requires adaptability of competitive potential to changes in the external environment.

It follows that the effectiveness of the system of formation and management of competitiveness of the enterprise is determined primarily by the level of capacity utilization, production and sales, product range, quality, market share, sales price and geography and sensitivity to changes in market demand.

In short, competitiveness is formed on the basis of competitive potential, and due to the achieved competitive advantages, its current level reaches the maximum level of potential. If the competitiveness of the enterprise or its services is not at the required level, using the full potential in a given competitive environment, first of all, measures will be developed and implemented to increase the competitiveness and its realization.<sup>[7]</sup>

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