EMJ MS
EUROPEAN MULTIDISCIPLINARY JOURNAL OF MODERN SCIENCE
ISSN 2750-6274 https://emjms.academicjournal.io Volume: 17 | Apr-2023

The Effect of Competition on Improving the Efficiency and Quality of Services in the Service Sector

Kholboev Umid
Samarkand economy and service institute assistant

Abstract: Competition has become the main mechanism of modern market economy. The assessment of the impact of competition on economic sectors is a relative indicator that describes how the enterprise participates in the foreign and domestic markets.

Keywords: Competition rhombus, state efficiency, business efficiency.

Global competitiveness of the country is determined based on the competitiveness of its individual enterprises, industries and regions.

In order for the country to be competitive, the interaction of all levels of this system is necessary. A country's competitiveness depends on its capabilities and characteristics, so that it can compete with other countries in economic competition.

In the economic literature, national competitiveness is interpreted as follows:

- as an opportunity to constantly increase the share of the country in the world market;
- comparative profitability of the country's exports (the difference between market prices and costs of production and sale of products delivered to the world market): the higher the profitability of the product offering, the higher its competitiveness;
- efficiency of use of resources expressed in the value of income per unit of labor or capital;
- as the ability of national enterprises to produce goods and services that satisfy the needs of foreign consumers while maintaining and increasing real national income, etc.

The competitiveness of the country is often defined as a relative indicator that reflects the level of efficiency in the production, identification and sale of goods inside and outside the country. M. Porter studied the problem of the competitiveness of the country's economy from the point of view of studying groups of interconnected industries, which he called clusters. He gives it in the following diagram:

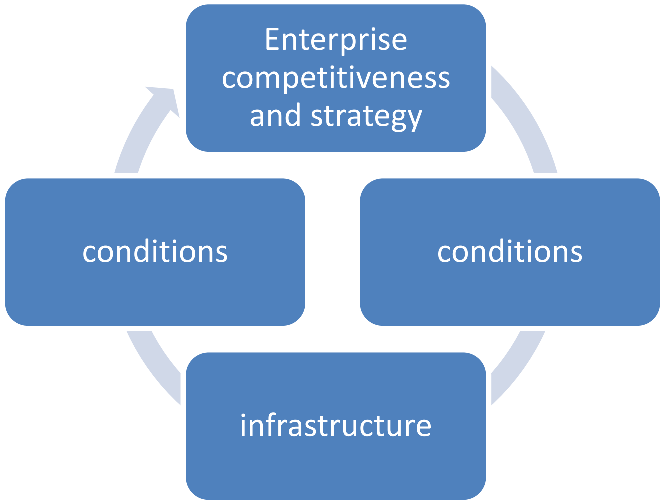

Figure 1. Michael Porter's rhombus of competitiveness.

The essence of Michael Porter's famous methodological approach, called the rhombus of competitiveness, is to identify the main four systems of factors that determine the competitiveness of the economy, and then to study the interaction of these systems on competitiveness. "Competitive rhombus" requires the study of mutually reinforcing competing factors.

The first system of factors is the national conditions, or rather, production factors necessary for the activity of firms in any industry, which are divided into the following groups: human resources (quantity, skills, labor costs, including management); physical resources (quantity, quality, availability and value of land, water, minerals, forest resources, energy sources and other natural conditions); knowledge resource (the sum of scientific, technical and market information affecting goods and services); financial resources (the amount and value of capital that can be used to finance the industry), as well as infrastructure (use fees that affect its type, quality and competitive nature).

The second system of factors is the demand conditions, that is, determining what demand exists in the domestic market for the products or services offered by this industry. The most important manifestation of the impact of demand on competitiveness is the ratio and nature of the advantage - the needs of internal buyers. In addition, economies of scale and the influence of demand on the domestic market determine the nature and speed of innovation by enterprises. As a result, countries gain a competitive advantage in industries and segments where domestic demand gives domestic enterprises an earlier and more accurate picture of customer needs than foreign competitors.

The third system of factors is the presence or absence of similar and auxiliary industries in the country, which are competitive in the world market, as well as the level of development. The presence of competitive supplier networks in the country creates a number of advantages for consumer industries; in particular, it ensures efficient and quick use of the most valuable resources, allows coordination of suppliers in the domestic market, increases activity in innovation processes and contributes. to increase labor productivity.

The fourth system of factors is the strategy of national enterprises, their composition and competitors, as well as conditions in the country that determine the nature of competition in the domestic market.

Countries are most likely to succeed in industries or segments where national competitiveness is most favorable. Analysis of the conditions of development of the "competitive rhombus" in different countries led M. Porter to identify four stages corresponding to four stages.

The main driving forces or incentives that determine the development of national economies in certain periods are production factors, investments, innovations and wealth.[1]

The International Forum for Management Development (IMF) defines modern competitiveness as "a field of economic knowledge that analyzes the facts and policies that shape it." It is the ability to create and maintain an environment that ensures the ever-increasing value creation in its enterprises and the increasing well-being of the population.

The IMF identifies four factors of competitiveness that determine the state of the national competitive environment and the ability of enterprises to create wealth:

1. The factor "Economic development of the country, its macroeconomic situation" evaluates the macroeconomic characteristics of the national economy. These are the national economy, foreign trade, international investments, employment and prices.
2. The "State efficiency" factor determines the extent to which state policy contributes to the growth of competitiveness by evaluating state finances, tax policy, institutional frameworks, legislation, and education.
3. "Business efficiency" factor is the level achieved by the enterprise in terms of innovation, profitability and reliability, which is evaluated based on labor productivity, labor market, financial situation, management practices and the impact of globalization.
4. The "infrastructure" factor is to what extent resources, technology, science and human resources meet business needs. For this, the basic infrastructure, technological infrastructure, scientific infrastructure, public health and environmental conditions, and the level of development of the national value system should be taken into account.

In making calculations, each of the four factors of competitiveness is divided into five indices. As a result, all twenty indices have the same weight and are evaluated on 321 indicators.

Now let's analyze the competitiveness of the enterprise. Competitiveness in relation to the enterprise leads to two different views.

The first is the competitiveness of the enterprise in relation to other enterprises in the network. Competitiveness of the enterprise - reflects its ability to produce competitive products, competitive advantages in comparison with other enterprises of this industry inside and outside the country.

The second is the competitiveness of the product. Competitiveness of the product in the market is the high quality and technical level of the product, as well as skillful movement of the product in the market space and time, most importantly, its demand in the market, the formation of specific groups of buyers with maximum consideration.

The competitiveness of the enterprise can be assessed only within the group of enterprises concerned in one industry, therefore, the assessment of the level of competitiveness of the enterprise first of all includes the selection of the main objects for comparison. Comparable competitive enterprises should be measured:

1. characteristics of products manufactured according to needs;
2. market segments for which manufactured products are intended;
3. phases of the enterprise's life cycle[2]

The competitiveness of the enterprise is the ability to profitably produce and sell products in

---

[1] Портер М. Международная конкуренция: конкурентные преимущества стран. М.: Международные отношения, 1993. 896 с.

[2] Фатхутдинов Р. А. Стратегический маркетинг: учебник. М.: Дело, 2001. 448 с

the market with good quality and at a low price. The competitiveness of the enterprise consists of three main factors:

1. consumption of resource costs per unit of finished product;
2. price (price level and dynamics for all resources used in production and finished products);
3. "environmental factor" (economic policy of the state and its level influence on market producers).

At the enterprise level, the enterprise itself can primarily control the resource factor for the growth of competitiveness, therefore, improving labor productivity, capital productivity and overall production efficiency is very important and depends on the company's organizational policy. NIOKR, capital accumulation, marketing and production system cooperation, professional training and retraining of personnel, etc., management organization, technological and financial potential of the enterprise can ensure the growth of the resource component of competitiveness. It is more difficult to control market prices for raw materials and semi-finished products, as well as for our own finished products, because the price level largely depends on the state of the world and national economy.

"Environmental factor" includes the reliability of the banking system, inflation rate, bank interest, exchange rate, foreign trade tariff, etc., which directly affect the competitiveness of the enterprise. Therefore, enterprises, especially small and medium-sized enterprises, cannot control many external factors of competitiveness. In this regard, especially in the context of the globalization of the economy, the economic policy of the state is becoming more and more important. There are two sources of enterprise competitiveness: operational efficiency and strategic location.

Strategic positioning consists of creating a predetermined unique and advantageous position with a combination of activities that differs from that of competitors. Strategic positioning has two components. The first is the ability to adapt to the external environment, which reflects the effectiveness of the enterprise's renewal process. This component describes the flexibility and adaptability of the economic entity to external environmental conditions.

The second component of strategic positioning is innovation, continuous innovation processes; its focused influence ensures the introduction of innovations in all areas of the enterprise. Innovation, therefore, the success of the enterprise in the fight against competition serves as a source of adaptation. The above components constitute the necessary and sufficient conditions for the strategic positioning of the economic entity in the market. , on the other hand, companies that offer new goods and services to their customers in view of the changing market have advantages.

References.

1. Портер М. Международная конкуренция: конкурентные преимущества стран. М.: Международные отношения, 1993.
2. Фатхутдинов Р. А. Стратегический маркетинг: учебник. М.: Дело, 2001.
3. Ismoilovna, I. M. (2023). The Role of Digital Economy in Innovative Development. *Journal of economy, tourism and service, 2*(3), 7-8.