



CLASSIFICATION OF THE ASSESSMENT METHODS OF THE COMPETITIVENESS OF A SMALL BUSINESS

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ABSTRACT

This article considers the classification of methods for evaluating the competitiveness of small businesses. Out of the multiple considered techniques to evaluate the competitiveness of the company, the scrutiny of the ongoing study allowed to define the optimum techniques applicable to the assessment of competitiveness of business entities. The problem of the given theme is actual and solvable only at application of practical elements and consideration of influence of factors on development and increase of competitiveness of business in the country.

The assessment of the competitiveness of an enterprise is a set of indicators that are a key in the activities of a business entity, and that allow to understand what competitive position the company occupies in the market.

It is due to the study of the assessment of the competitiveness of the enterprise from all sides, taking into account the influence of all factors that the enterprise can be provided with future profits for a long future period. Such a positive competitive situation is especially important for small businesses.

Despite the differences in the formulation of the concept of "competitiveness", disclosed in the scientific literature, the general is that the level of competitiveness is determined, ultimately, by the consumer, who opts for the products of a particular enterprise and recognizes the service in it as relevant to their needs.

Depending on which approach will be used to assess the competitiveness of the economic entity, will be formed a more extended final result of the enterprise: an increase in profits, increase in volume, additional resources, scaling.

The classification of existing methods for evaluating the competitiveness of enterprises is diverse and there are many various techniques for assessing the competitiveness of enterprises.

Let us consider the main groups of methods for assessing competitiveness:

1 Product methods. Product methods are based on the assumption that the competitiveness of an economic entity can be assessed by evaluating the competitiveness of its products: the higher the competitiveness of goods, the higher the competitiveness of the enterprise. Various marketing and qualimetric methods are used to determine the competitiveness of products, most of which



are based on finding the price-quality ratio of products. There are many methods of finding this ratio.

2 Matrix methods. Business units of the enterprise are differentiated in terms of the relative market share (on one axis of coordinates) and the growth rate of the corresponding markets (on the other axis) [1]. Thus, the relative market share is the ratio of the share of the given enterprise to the share of the largest competitor in the market of the corresponding industry (shares are measured in natural units of production). Note that the possession of a high market share, according to the concept of the experience curve should lead to a minimum (relative to competitors) level of costs and a maximum level of profit.

3 Operational methods. To assess the competitiveness of the studied enterprise using the operational method, firstly, it is necessary to determine the list of operations and indicators, which are significant for ensuring competitiveness [2]. As a rule, the specified indicators are classified by groups on marketing, economic, industrial, organizational, personnel, etc. The composition and structure of the estimated indicators and operations considerably vary depending on the investigated industry and the author of methodology. To assess the performance of operations, both indicators known to economic science and newly introduced by the authors are used. Their number can reach several dozens (from profitability and liquidity to staff turnover, the degree of satisfaction of counterparties and the ability of the enterprise to adapt to innovation). In the case of impossibility to collect and process these or those indicators, expert methods are widely used.

4 Combined methods. The methods referred to this group are defined as combined due to the fact that the assessment of the competitiveness of the enterprise within their framework is conducted on the basis of singling out not only the achieved, but also the potential competitiveness. The approach is based on the statement that the competitiveness of a business entity is an integral value (combination) of the current competitiveness of the enterprise and its competitive potential.

In fact, everything turns out to be more prosaic: the specific methods and techniques used in determining current and potential competitiveness ultimately reproduce the methods used in the previously discussed approaches, which determines the presence of the disadvantages of the respective approaches.

5 Methods for assessing the cost of the business. Let us single out a separate group of methods for assessing the competitiveness of an enterprise, based on the assessment of business value. The specified methods are based on an assumption that sales volume, profit, cost price, other financial indicators (liquidity, financial stability, turnover of assets and efficiency) are intermediate characteristics of separate economic aspects of activity of the enterprise [3]. And only the market valuation of the company, combining all the key indicators of its external and internal environment, is the final criterion of financial well-being and economic efficiency. Consequently, the cost of business serves as an integral indicator of the development of the company. Therefore, the conclusion is made that the comparison of the dynamics of the value of



various business entities allows to compare the results and prospects of various enterprises, and therefore - to evaluate their competitiveness.

Business valuation can be based on the results of the cost, income and comparative approaches, or on determining the capitalization of the company on the basis of its securities quotations on the stock market. In both cases, the business value is determined on the basis of an independent expert evaluation, taking into consideration all the relevant information about the activity of the company being evaluated. The only difference is in the number of experts: in the case of quoting securities on the stock market, the number of experts is so great that the probability of error in the evaluation tends to zero.

Having considered the main methods for evaluating the competitiveness of enterprises, we should note that the traditional classification proposed above is built taking into account the historical development of methods in the context of their essential characteristics, the content which the developers put into economic models.

Existing methods for the assessment of competitiveness of the enterprise cannot be fully applied in practical activities. But a choice and carrying out an estimation of competitiveness is influenced by both external and internal factors, and that moment, in what branch the enterprise

carries out the activity. Deviations from the norm in indicators should be taken into account with the moments described above.

None of the examples is applied at a broad level within the analysis.

There are also a variety of different techniques for determining the competitiveness of an enterprise on the basis of ongoing marketing research:

1. based on SWOT-analysis. SWOT-analysis is an analysis of strengths and weaknesses of the enterprise in the competitive struggle, emerging opportunities and threats. Competitiveness indicators are evaluated by blocks: finance, production, organization and management, marketing, human resources, technology;

2. on the basis of "4P": comparative analysis of the organization and enterprises-competitors on factors: product, price, promotion in the market, sales channels;

3. The method of an estimation of competitiveness of a company J.J. Lambin. Indicators of evaluation of competitiveness of the enterprise are presented in table 1.

The method is based on a comparative assessment of the competitiveness of companies operating in the product market. Competitiveness according to 6 criteria (indicators) on a 5-point scale. The competitiveness coefficient is defined as the ratio of the companies' point estimates to the leader's point estimates;

Table 1 - Indicators of assessment of enterprise competitiveness

Assessment Criteria	Grade Range		
	Low (1-2 points)	Average (3-4 points)	High (5 points)
1 Relative market share	Fewer than 1/3 of a leader	More than 1/3 of a leader	Leader
2 Distinguishing features of a product	A product is not differentiated	A product is differentiated	A product is unique



3 Expenses	Higher than those of a direct competitor	The same as those of a direct competitor	Lower than those of a direct competitor
4 Degree of technology mastery	Mastered with difficulty	Mastered easily	Mastered fully
5 Channels of the distribution of goods	Intermediaries are not controlled	Intermediaries are controlled	Direct sales
6 Image	Absent	Developed	Strong image

4 In addition to the above methods of assessing the competitiveness of enterprises, there is also a well-known rating system, the essence of which is to rank companies through a comparative analysis of the results achieved by enterprises in different areas. The rating assessment is defined as follows:

- 1) Obtaining baseline information on all enterprises being compared.
- 2) Making a data matrix based on the information received.
- 3) Correlation of indicators of the enterprise with the corresponding values of indicators of competitors.
- 4) Determination of the rating score of the enterprise for a certain period of time.
- 5) Ranking all enterprises-competitors in descending order. A great advantage of using rating techniques is the ability to take into account tangible and intangible assets, such as financial stability and management reputation. [4]

5 Methodology for assessing the competitiveness of the enterprise, based on a comprehensive study of the internal environment of the enterprise, involves two areas:

- Determination of the list of internal factors and assessment of their influence on the efficiency and quality of the enterprise,
- determination of strengths and weaknesses in each of the functional areas.

6 Methodology of positioning strengths and weaknesses of an enterprise's competitiveness potential

7 The matrix methodology of competitiveness assessment was proposed by the Boston Consulting Group, and is applicable to the assessment of competitiveness of goods, "strategic business units" - sales activities, individual companies, industries. The matrix "Market speed - market share" - the BCG matrix (growth - share matrix) - a tool for analyzing strategic business units, business and product portfolios of an organization.

8 The method based on the theory of effective competition. According to this theory, the most competitive enterprises are those where the work of all departments and services is best organized. The effectiveness of each of the services is influenced by many factors - the resources of the company. Evaluating the effectiveness of each of the departments involves assessing the effectiveness of their use of these resources. The method is based on the assessment of four group indicators of competitiveness.

9 Grandars.ru method of evaluation. The authors of this site recommend evaluating the competitiveness of an enterprise on the basis of assessing the competitiveness of products, market share, the degree of depreciation of fixed assets, innovation activity.



As a result of the carried out research it is necessary to allocate additional 2 groups of indicators which participate in an estimation of competitiveness of the enterprises of small-scale business quantitative and graphic indicators. To each of them it is possible to include several techniques:

1 Analytical - method of rating assessment, assessment based on calculation of market share, SWOT-analysis, assessment based on the theory of effective competition, etc;
2 Graphic - method of comparative analysis of competitors, matrix method, "market attractiveness" model, Porter's model, etc.
There is currently no universal methodology for assessing the competitiveness of small business. This is explained by the fact that each of the options has both disadvantages and positive sides. The disadvantages include:

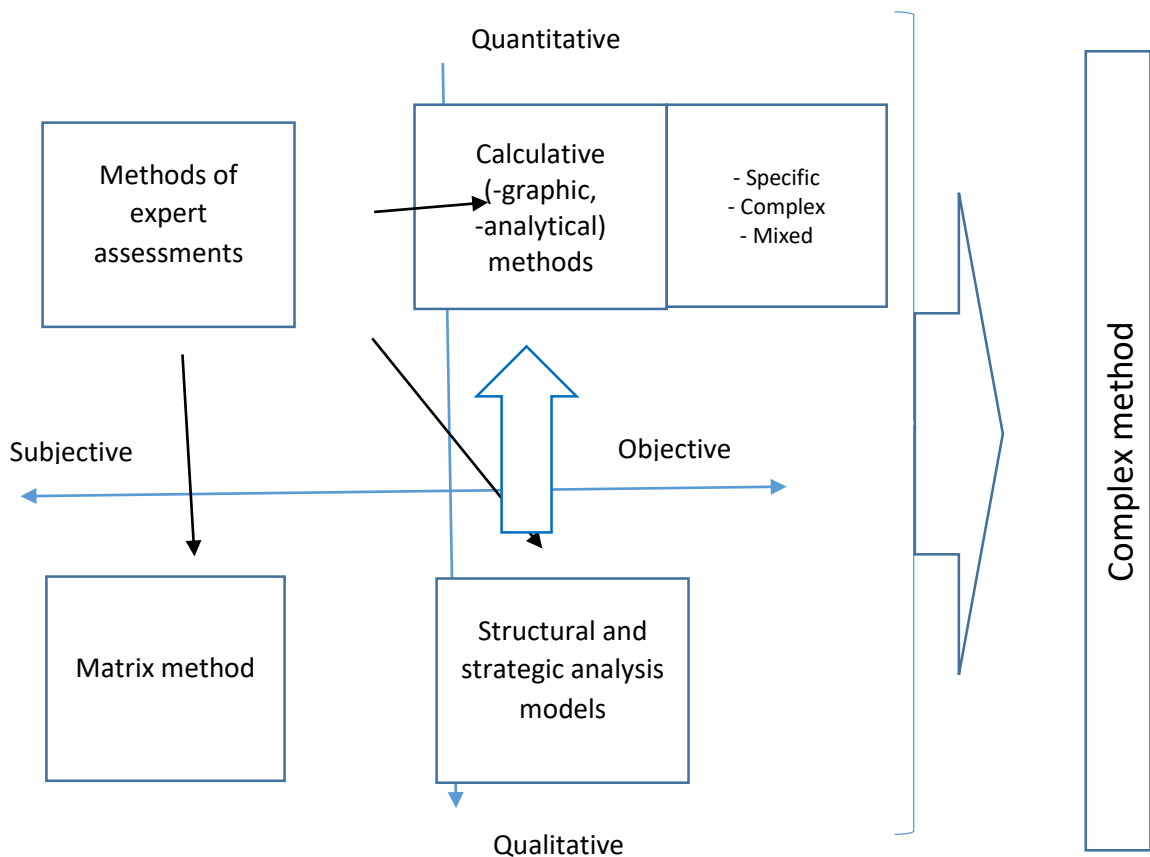
- subjectivity and conditionality of evaluation;
- multiple range of factors for analysis;
- impossibility of comparison with competing enterprises due to their diversification;
- lack of possibility to determine the boundaries of the market.

1 The assessment of an enterprise competitiveness

<https://www.grandars.ru/college/ekonomika-firmy/ocenka-konkurentosposobnosti-predpriyatiya.html>

The choice of the method of competitiveness assessment depends on the goals and objectives of the enterprise, as well as on the planned budget for competitiveness assessment.

Based on the evaluation of the literature we will make a typology of methods for assessing the competitiveness of small businesses (picture 1).





Picture 1 - Typology of methods for assessing the competitiveness of small businesses

Source: made by the author

Based on the figure, one can clearly see the direction of further incremental steps in assessing the competitiveness of small businesses.

It should be noted that all methods for assessing the competitiveness of organizations presented in modern science do not provide a complete and accurate analysis of organizations, since their use

does not take into account all aspects of the organization in a market economy. Therefore, it is recommended to make a selection of techniques and choose them in accordance with the goal of the enterprise. Such a group of techniques forms a comprehensive approach, as a method of a set of qualitative indicators necessary for the analysis, techniques for assessing competitiveness in the context of the sector of the market, taking into account the factors of influence.

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