



## METHODOLOGICAL APPROACHES TO EVALUATING THE COMPETITIVENESS OF SERVICE ENTERPRISES

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Increasing the share of the services sector in the economy of our country in the conditions of the digital economy, fully utilizing the available opportunities, expanding the types of services, improving the quality and solving the problems that await their solution in terms of ensuring competitiveness, further encouraging business entities in this direction. In order to support and encourage their ideas and initiatives, the President of our country Sh. Mirziyoyev adopted Resolution No. done. In this Decision, priority tasks such as "Development of the procedure and methodology for assessing the development of the service sector, as well as increasing the total volume of services by 2.1 times in 2023 compared to 2020 in the target parameters of the development of the service sector in the Republic of Uzbekistan in 2021-2023" requires the development of display enterprises, increasing their efficiency and creating an

### ABSTRACT

*This article explores methodological approaches to assessing the competitiveness of service enterprises. The competitive advantages of enterprises, indicators of competitiveness are analyzed, author's conclusions and recommendations are given.*

environment of free competition between them. From this point of view, assessing the competitiveness of service enterprises is one of the urgent tasks.

Several foreign economists, such as M.E. Porter, N. Paley, R.A. Fatkhutdinov, I.M. Kostin, V.A. Taran, J.Z. Lamben, N.K. Mosiyeva and I.M. Lifits, have conducted their research on the methodology of assessing the competitiveness of service enterprises. The most popular of the competitive assessment methods is the model of comparative analysis of enterprises based on the M.E. Porter model proposed by the American Management Association. In this model, a list of SWOT analysis was developed for various competitive firms, which can be used to assess the strengths and weaknesses of the enterprise in the competitive environment. I.M. Lifits [12] proposed to adopt the nomenclature of the following criteria for competitive services: indicators of service



results; service process indicators (service culture indicators); indicators of service conditions; service usage indicators. This method is used to evaluate the competitiveness of a retail space operating in the same direction and trading enterprises with a similar assortment of goods. N.K.Mosiyeva [11] suggested evaluating the competitiveness of enterprises using comparative advantage, the theory of balance of enterprise and industry, the state of the enterprise in the market: structural-functional, profile method and service quality, matrix methods.

The scientific-theoretical basis of the research is scientific research on the assessment of the competitiveness of service enterprises. Methods such as dialectical, abstract-logical analysis, SWOT analysis, comparative analysis and systematic approach were used in the research process.

Increasing the competitiveness of service enterprises is a difficult, dynamic and complex process that requires reliable and objective evaluation methods. Because errors in service evaluation methods can lead enterprises to make wrong management decisions in their activities.

Based on the analysis of modern economic literature, we can distinguish two main approaches to assessing competitiveness in the industry: the first is through the use of expert assessment methods to identify and evaluate competitive advantages; second, by identifying the most important digital indicators of competitiveness and their integration.

The method of expert assessment of enterprise competitiveness is based on equal distribution of competitive advantages. The competitive advantages

and unique assets of enterprises are defined as new directions of activity, which enable service enterprises to increase their strategic competitiveness and win the competition.

One of the most popular methods of assessing competitiveness is M.E. The theory of five forces of competition written by Porter is a work, in which competitive advantages and sources of their formation are significantly different within each specific industry. For example, the service industry includes catering, hotel, tourism, consulting and audit services, advertising, IT services, etc. Each of them will have their own requirements to achieve a competitive advantage.

As in various areas of the economy, in our opinion, there are five main forces (competition) that influence the formation of competitive advantages in the service sector. They are as follows:

- threat of emergence of new competitors;
- threat of emergence of substitute goods or services;
- bargaining power of suppliers;
- bargaining power of buyers;
- competition between competitors.

In our opinion, in addition to the above competitive forces, it is necessary to take into account a number of factors that have a significant impact on the activity of service enterprises and, as a result, on ensuring its competitiveness. These are: expansion of Internet capabilities and development of electronic services (For example: in tourism services, a client may not contact a travel agency, but may independently organize a trip through online booking); providing market participants with sufficient information; consisting of the development of globalization processes.



Here, compared to M. Porter's model, a more systematic model of comparative analysis of the competitive advantages of enterprises, strengths and weaknesses, analysis of opportunities and threats - SWOT analysis (Strengths-weaknesses-opportunities-threats) is acceptable. The main idea of SWOT analysis is that a successful strategy should be based on the principle of interaction between the internal opportunities of the enterprise (its strengths and weaknesses) and the external environment presented in the form of threats. In order to improve the

model of SWOT analysis, the American Management Association (AMA) proposed a SWOT analysis checklist, with the help of which the company can assess its competitive strengths and weaknesses [5, 2, 3]. Competitive indicators are evaluated in the following areas: financial, production, organization and management, marketing, personnel and technology. Table 1 below provides a summary of the SWOT analysis checklist, in which key indicators are evaluated with the help of experts.

**Table 1.**

**SWOT analysis checklist**

Evaluation indicators	1	2	3	4	5
<b>Finance</b> 1. Assessment of the composition of assets (according to the financial coefficient) Investment rating 3. Asset Returns Rate of Return Return on invested capital					
<b>Production</b> 1. Use of equipment 2. Production capacity / equipment capacity 3. Number of employees 4. Quality management systems 5. Common factor efficiency 6. Opportunities to expand service areas 7. Age of technological equipment					
<b>Organization and management</b> 1. The number of engineering, technological and management personnel 2. The speed of management reaction to changes in the external environment 3. Accuracy of division of forces and functions 4. Type of organizational structure 5. Quality of information used in management 6. The degree of flexibility of the management organizational structure					



<p>Marketing</p> <ol style="list-style-type: none"> <li>1. Market share</li> <li>2. The reputation of the company</li> <li>3. Brand reputation</li> <li>4. Sales advertising expenses</li> <li>5. Number of sales staff</li> <li>6. Price policy / price level</li> <li>7. Organizational and technical means of marketing</li> <li>8. Quality of service</li> <li>9. Number of customers</li> <li>10. Quality of information in the input market</li> </ol>					
<p>Staff composition</p> <ol style="list-style-type: none"> <li>1. Qualification level of production staff</li> <li>2. Costs of personnel training and retraining</li> <li>3. The level of training of employees working in the technical field</li> </ol>					
<p>Technology</p> <ol style="list-style-type: none"> <li>1. Applicable standards and level of compliance</li> <li>2. New products</li> <li>3. IT costs</li> </ol>					

Columns 1-5 show the place occupied by the enterprise in the market (market segment) according to the following principle.

Column 1. The best. Market leader in this field.

Column 2. Above average. Work performance is good and stable.

Column 3. Middle level. Compliance with industry standards. Strong market position.

Column 4. Below average. There is cause for concern. Deterioration of business indicators was noted. You should be careful to improve your position in the market.

Column 5. The situation is alarming. The situation of enterprises in the field should be improved strictly. The company is in crisis.

Considering the methods based on expert evaluations of the competitiveness of service enterprises, we consider another approach known as 4P (product, price, promotion and place). The basis of this methodology is a comparative analysis of

the evaluated service enterprises with real competitors in the indicated fields, each of which has smaller elements [9, 4].

The advantages of this method are as follows: firstly, the methodology is universal and can be used in various enterprises; secondly, it is possible to give a quantitative assessment to enterprises and each of their factors.

However, in our opinion, this methodology does not fully reflect the specific features of assessing the competitiveness of service enterprises, which is reflected in the following:

- the analyzed methodology is generally proposed to assess the competitiveness of service enterprises, but in our opinion, it is more suitable for the assessment of extended service groups of the enterprise. In this approach, the competitiveness of the enterprise is equated with the competitiveness of the main areas of activity that do not correspond to the principle of consistency. The principle of



stability is that the efficiency of the whole system is higher than the efficiency of the total sum of its components;

assessment of the competitiveness of service enterprises is given only from the point of view of the external environment, without taking into account the efficiency of the evaluated enterprise;

- insufficient attention is paid to important competitive advantages for service enterprises, such as the presence of an enterprise image and a well-known brand.

Another methodology for evaluating the competitiveness of service enterprises, i.e. the 4P methodology, is effective, and in the process of using it, the competitive advantages of enterprises include not only material elements, but also virtual features. Another way of assessing the competitiveness of service enterprises is the expert assessment methodology [7, 8].

This method is based on the following indicators in determining the competitive advantages of the enterprise: the location of enterprises; range of services and class of service; quality of services, their safety and reliability; competitiveness of services; price policy of the enterprise; the value of the company's image and service mark; advertising and its effectiveness, as well as the availability of incentive programs for regular guests.

In each of the competitive advantages of service enterprises, the main indicators are highlighted and they are evaluated on a ten-point scale. Competitors of service enterprises (according to the same parameters, on the same scale) are similarly (realistically) evaluated. At the final stage of the application of this methodology, the points obtained are collected and compared with competitors, after which the position of enterprises in

the service market and the level of competitiveness are determined.

The analysis of the above methodology for assessing the competitiveness of service enterprises allows us to note the following. The analyzed methodology is the most objective method of assessing competitiveness with the involvement of experts. Its main advantages include the ability to quantitatively assess the competitive advantages of service enterprises, as well as not only material competitive advantages, but also corporate image and a strong brand. This makes it possible to obtain an integral indicator of the competitiveness of this enterprise, which can be compared with real competitors.

The second priority of assessing the competitiveness of service enterprises is to identify and combine the most important digital indicators of the enterprise's financial and economic activity. Most of the authors following this approach suggest evaluating the competitiveness of service enterprises based on the analysis of the efficiency of their financial and economic activities.

Thus, in the studies of economists, the following were taken as the main indicators of enterprise competitiveness [6, 10]:

- economic potential and operational efficiency (assets, fixed capital, equity and debt capital, sales volume, market share, profit);
- level of management (forms of organization of elements of the economic mechanism in terms of innovation and responsibility and experience of operation);



- financial condition (solvency, creditworthiness and credit terms, capital structure, ratio of equity to total assets);
- the production and sales potential of the enterprise, which indicates the possibility of producing and selling this or that product in the required amount in the required period (availability of the raw material base; production and sales opportunities; the volume and direction of capital investments determining the production policy);
- condition and qualification of labor resources;
- reputation of the enterprise, its market strategy, innovative activity.

The above parameters of competitiveness assessment cover most areas of analysis of financial and economic activity of the enterprise.

In our opinion, this approach does not take into account a number of considerations. It does not provide clear indicators of the competitiveness of service enterprises, which can be used for further comparison with competitors, it does not show how to quantitatively evaluate an indicator such as the reputation of the enterprise. In the considered method, the assessment of competitiveness is equated with the analysis of the financial and economic activity of the service enterprise and the additional assessment of the image of the enterprise, which is not completely correct. The assessment of the financial and economic situation of the enterprise is aimed at obtaining the resulting indicators of the enterprise's activity in the service sector. At the same time, assessing the competitiveness of service enterprises is the basis for making all subsequent management decisions aimed at ensuring its competitiveness. Consequently, these

two directions of evaluating the activity of service enterprises cannot be equated with each other.

The following conclusions can be drawn after reviewing and analyzing the main directions of assessing the competitiveness of service enterprises. Each of the considered methods of assessing the competitiveness of service enterprises has its strengths and weaknesses. At the same time, none of them allows for a comprehensive assessment of the competitiveness of the enterprise in the service sector, taking into account the specific characteristics of enterprises belonging to this sector of the economy.

Based on the considered competitiveness assessment methods, it was concluded that it is difficult to use them in the assessment of the competitiveness of service enterprises, because none of them allows a comprehensive assessment of the competitiveness of enterprises.

When assessing the competitiveness of service enterprises, it is not enough to consider only competitive advantages or only financial indicators, because this does not provide a generalized assessment of the competitiveness of the enterprise and is not considered an effective tool for its use in the process of managing the competitiveness of the enterprise. A number of factors that must be taken into account in the process of assessing the competitiveness of service enterprises affect. These factors can be divided into three groups: controlled, weakly controlled and uncontrollable. These areas (factors) include potential competitive advantages, the availability of resources, as well as a number of important economic indicators that allow determining the development potential of the enterprise to create or



strengthen new competitive advantages. Such a combination of parameters to develop the management effect aimed at

ensuring the competitiveness of the service industry enterprise allows you to get a basic comprehensive assessment.

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