THE AFFECTIVE FACTORS OF COMPETITIVENESS OF FOOD INDUSTRY ENTERPRISES

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ABSTRACT

This paper discusses the features of the formation of the role and strategy of food industry enterprises in the national economy of Uzbekistan. On this case, status quo competitiveness condition in the countries and the enterprises based on the consideration of competitive advantages and the level of competitiveness of enterprises in the current socio-economic situation. The goal of the research is to stress the significance of the agro industry for economic development and the directions of its future development, as well as the significance of the agricultural and industrial policy for its development. The problem of increasing the competitiveness of domestic food industry enterprises becomes particularly relevant in connection with the expansion of the domestic market. Improving the competitiveness of the food industry is directly related to the formation and maintenance of a certain level of competitive potential. As this process involves the formation of long-term competitive advantages, it is possible to trace a clear relationship between competitiveness and strategy formation.

Keywords: *food industry, factors, competitiveness, Uzbekistan, research, strategy, industry enterprises*

АННОТАЦИЯ

В статье рассматриваются особенности формирования роли и стратегии предприятий пищевой промышленности в национальной экономике Узбекистана. В данном случае состояние конкурентоспособности status quo *в странах и предприятиях основано на учете конкурентных преимуществ и уровня конкурентоспособности предприятий в текущей социально-экономической ситуации. Цель исследования - подчеркнуть значение агропромышленного комплекса для экономического развития и направления его будущего развития, а также значение сельскохозяйственной и промышленной политики для его развития. Проблема повышения конкурентоспособности отечественных предприятий пищевой промышленности становится особенно* *актуальной в связи с расширением внутреннего рынка. Повышение конкурентоспособности пищевой промышленности напрямую связано с формированием и поддержанием определенного уровня конкурентного потенциала. Поскольку этот процесс включает формирование долгосрочных конкурентных преимуществ, можно проследить четкую взаимосвязь между конкурентоспособностью и формированием стратегии.*

Ключевые слова: *пищевая промышленность, факторы, конкурентоспособность, Узбекистан, исследования, стратегия, предприятия отрасли.*

INTRODUCTION

The competitiveness of the country's food industry is the ability to produce and sell food products that meet customer requirements in terms of price, quality and quantity, as well as to provide sufficient funds for the development of enterprises in this field. Currently, the concept of competitiveness is applied not only to a particular product, but also to the enterprise, industry, sector and national economy.

The solution of the food supply global problem requires local approaches, taking into account the territorial features of economic development. The need to develop the scientific foundations for the formation and management of business processes in the food industry in the context of economic transformations, taking into account global conceptual approaches to food safety, is gaining importance. Given the experience of the world developed countries, this is possible only if the institutional support for the formation of innovative strategic structures of the food sector is developed. Particular attention is required to highlight regional characteristics for economic levers and incentives for the agri-food sector development.

Competitiveness of a particular branch of industry means the ability of other countries to operate more efficiently than the same branch and to continue to operate in conditions of free competition. In the economic literature, competitiveness is characterized by a complex index that includes many specific indicators as a quantitative measure. Simply put, competitiveness is a multidimensional complex indicator. For example, in determining the global competitiveness index of countries, the World Economic Forum (WEF) first identifies 63 specific indicators of countries, and then summarizes these indicators into a single index.

LITERATURE REVIEW

Issues of the food industry functioning and development today is extremely relevant and is considered in terms of ensuring food safety in any country (Tran et al., 2020). Also, the food industry is the basis for the consumer market formation of the food products. It is worth noting that many scientists are now engaged in these issues. If we consider the food industry development in terms of food safety, then Haydutskyi (2004) in his studies based on the foreign experience analysis identified the main prospects for food supply in the country. Ivanyuk (2016) proposed the consumption structure of food industry products by the population as the main part of the food safety formation of the country. She also substantiated that the agricultural sector is a system-forming element of the food industry, and whose task is to provide the consumer market with food products (Ivanyuk, 2015). Kolomiets (2016) in his study revealed the issue of satisfying the consumers' needs in the domestic market of Ukraine, in particular, in high-quality food industry products at affordable prices through changing the mechanism for developing the consumer market. Panukhnyk et al. (2019) studied the consumer market in their research and proved that it is the change in household incomes, consumer price index, total household spending on food and agricultural production per capita that have the greatest impact on the food industry development and general food ensuring the country's consumer market. S. Shults et al. (2017) in constructing a model of consumer buying behaviour in the EU and Ukraine, identified the main approaches used by consumers of a country when buying food products. Nagyová et al. (2016) in their research determined that the use of subsidies provided by EU countries is a very important tool for ensuring the economic sustainability of the food industry, since it is this area that is responsible for the food supply of the population. Bureau and Swinnen (2018) note that food price fluctuations make it possible for a number of countries to decide which they are, either consumer or producer countries, or whether it is exporting or importing food products.

A number of authors devoted their works to the main problems of managing the food industry development in Uzbekistan, which was reflected in the research of domestic scientists, among which it should be noted: and others. In particular, we can name the work of Kupchak (2009), Pylypenko (2017), Vasyltsiv et al. (2017), Danko and Reznik (2019) and Kalashnikova et al.

(2019). The results of studies of business processes and process management in the food industry of Ukraine in the conditions of transformational changes and integration into the European community are considered in the work of Andersen (2003), who defines "business process as a chain of logically related repetitive actions, which the enterprise resources are used to change the object in order to achieve certain measurable results or products to satisfy internal or external consumers". Harrington et al. (2002) investigated the essence of a business process as a logical, consistent, interconnected set of activities that consume the supplier resources, create value and deliver the result to the consumer. Scheer (1999) indicates that it is customary to call a business process a set of repetitive actions (functions) that turn source material or information into a final product in accordance with pre-established rules. Morschenok (2014) and Olshansky (2019) suggest considering the business process as a process management approach and a set of continuous, interconnected actions aimed at achieving the enterprise goals. Management becomes more focused on efficiency, as it focuses on the products (services) customer, and therefore its application allows to achieve the competitive products (services) production.

Main part

In order for a sector of the country's industry to be competitive, foreign countries must have a competitive advantage over that sector. Competitive advantage can be in the following areas:

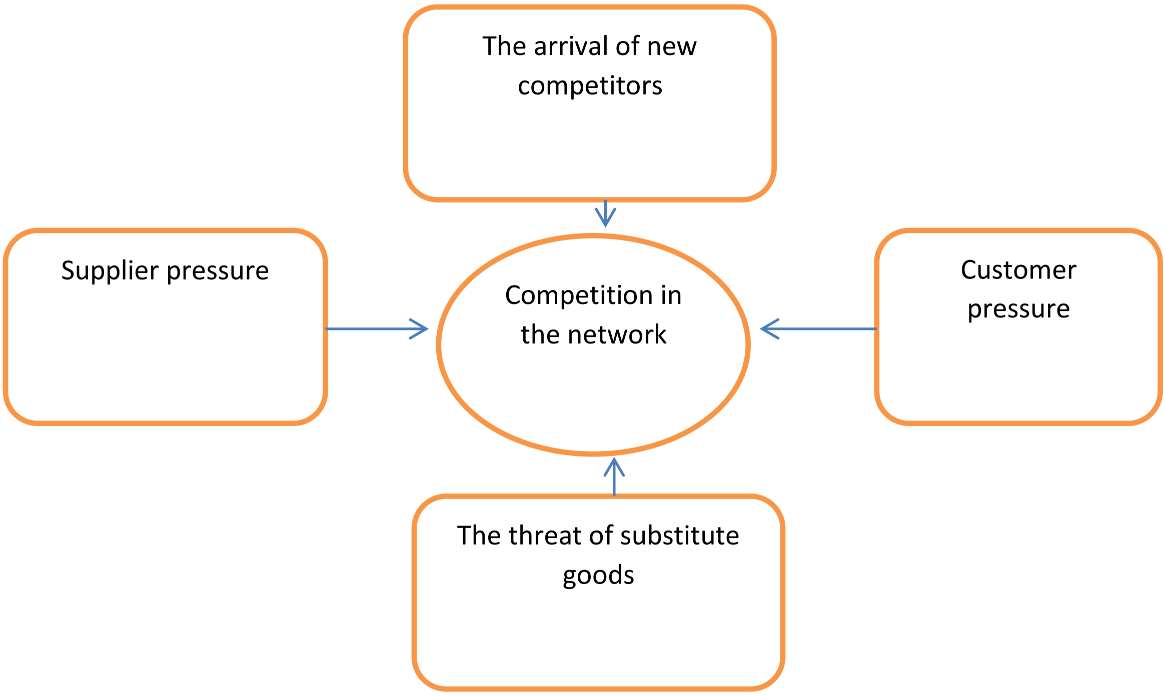
- Dominance in the organizational structure;
- Advantages in technical equipment;
- Preference in the supply of raw materials;
- Advantage in conquering new markets;
- Advantage in the development of ancillary infrastructure;
- Advantages in the system of training in the field;
- Advantage in innovation;
- Advantages in marketing activities, etc.

It is known that the competitiveness or competitive advantage of an enterprise, industry, sector and national economy is formed under the influence of a number of factors.

M. Porter emphasizes that industrial competitiveness is formed under the influence of five forces.[1]

[1] M.Porter "Competitive strategy: Techniques for analizing industries and competitors"

(1-picture).



1- picture. M. Porter's driving forces of competition

Hence, the following are listed as the driving forces of competition in the network:

The bargaining power of buyers. Powerful buyers put pressure on manufacturers by asking them to lower prices, improve quality, or provide additional services. The limited number of buyers in the market, vertically integrated production, the level of vital importance of the product, the volume of purchases and the awareness of buyers of technical information about the production process affect the level of bargaining power of buyers

Risk of entry of new competitors. Usually, newcomers come in with great resources, news. They can lower prices in the desire to take over the market and as a result reduce the income of other participants in the network. The risk of new competitors entering depends on barriers to access to the network. If there are barriers to access to the network, the risk of new entrants gaining access is lower.

Supplier pressure. Suppliers of raw materials, components, or services to a particular industry may put pressure on participants by raising the price or lowering the quality of their products.

4. Pressure of replacement goods. All firms in the industry are forced to compete with manufacturers of substitute goods. The availability of substitute goods prevents prices from rising freely and limits producers 'potential profits.

5. Competition in the network. In the network there will be constant competition between manufacturers on price, advertising battle, product quality, additional customer service, warranty.

Under the influence of the total pressure of these forces, competition is formed in the network. These forces put different levels of pressure on competition in the network, i.e. the effect of the forces will not be the same. For example, in Uzbekistan, there is a high level of consumer pressure for auto parts manufacturers. Because the number of buyers in this network is limited. It is also clear from the ideas put forward by M. Porter that the competition in the network is also influenced by forces outside the network. In another book, The Competitive Advantage of Nations, Porter identifies four factors that determine countries' success in international competition. He places the four factors in a rhombus shape, emphasizing the change in competitiveness as a result of their interaction. This model of Porter is called the Porter Rhombus. These factors include:

- The state of the factors. In order to compete in a particular industry, it is very important for a country to have factors such as skilled labor, infrastructure.
- Demand status. The size, nature of domestic market demand for a particular product or service affects the competitiveness of producers of that brand.
- Related and supportive areas. The presence or absence of competitive supplier and support industries for a particular industry in the country.
- Firm strategy, structure and competition

Under the influence of these factors, an environment is formed in the country for firms to learn to organize and compete. Therefore, the level of international competitiveness of countries depends on these factors.

R. Fatkhutdinov systematized the factors affecting competitiveness into groups on the objects of competition and formed a tree of factors.

Table 1
Factors affecting network competitiveness

Level of impact	Factors shaping network competitiveness
Macro level	State economic policy, the national legal framework that forms the economic and legal basis for the protection and operation of national producers, foreign policy independence and security, political and social stability
Mezo level	Natural resource potential of the industry, economic potential and economic policy of the industry, demographic potential, domestic consumer market
Micro level	Development of production funds and technologies, organizational and management resources, marketing policy and demand factors

In our opinion, among the factors influencing the macro level in the table, it would be appropriate to include such factors as the quality of education in the country, the state of infrastructure development, income levels, the amount of public funds allocated for research, the level of corruption.

According to M.J.Eskandari, M.Miri, S.Kolami, H.S.Nia, state support is a key factor in the entry of food industry enterprises into the global competitive arena. Excellent management, sufficient capital for product diversification, skilled labor, product quality, price are also highlighted as the main factors influencing competitiveness. They express the competitive forces of M. Porter in terms of their impact on the competitiveness of food industry enterprises in the following sequence:

• threat of raw material suppliers;
• influx of new manufacturers;
• customer pressure;
• Threat of substitute goods.

V.M.Larin, A.D.Nemtsev divide the factors influencing the competitiveness of enterprises into two groups. These are internal and external factors, while external factors are factors that cannot be directly affected by the enterprise, while internal factors are factors that are shaped and influenced by the enterprise itself.

External factors include:

• state policy in the field of production;
• state policy on network development;
• tax, customs, financial and credit, investment policies;

• state standards, regulations and control over their observance;
• quality system certification;
• economic and technical cooperation with foreign countries;
• consumer protection;
• level of infrastructure development.

Internal factors are divided into two groups: technical factors and organizational and economic factors. The first group includes the level of technical ignorance, scientific and technical level of the product, the quality of applied production and technological processes, the second group includes financial stability, improved quality management system, level of raw material supply, staff qualification, incentives and remuneration, guarantee level and after-sales services, etc.

S.A Belyaeva also distinguishes between external and internal factors that affect the efficiency and competitiveness of the food industry. (Table 3)

Table 3. Factors affecting the competitiveness of food industry enterprises

Internal factors	**External factors**
– Production capacity – The structure of the main production fund – Volume of investments – Staff qualification level – Organizational and managerial potential	– Development of relevant sectors of the food complex – Requirements – Competitive environment in the food market – Effectiveness of the state policy on network development

As the economist enumerates internal and external factors, he pays more attention to the importance of external factors. More precisely, the socio-economic and demographic trends of the transition period, high imports, suppliers of raw materials, low competitiveness of the machinery industry, insufficient growth of demand hinder the growth of the food industry. Without denying the above, it can be added that the lack of research in the field, the lack of a fairly competitive environment, problems in the logistics system, the lack of internationally recognized certification and standardization, low quality of education also hinder competitiveness in developing countries. are the factors that occur. F. Krzistof analyzed the factors influencing the competitiveness of Polish food industry enterprises on the basis of his research in 267 enterprises operating in this field and came to the conclusion that increasing competition and innovation are the factors most influencing the competitiveness of enterprises. According to him, innovative activity has a significant impact on the internal factors of the enterprise, but does not affect the competitive environment. Poland's accession to the European Union has also been an important factor in increasing competitiveness. J. Fagerberg has studied how research-oriented investments affect the competitiveness of industries. He divides research investments into two groups: 1) directly, 2) indirect, ie the purchase of products of domestic and foreign researchers. The study also examined the average wage in the industry, domestic market demand, and investment in physical capital as factors. The study found that, contrary to expectations, the size of the domestic market and the level of wages do not affect the competitiveness of the industry. It was noted that the remaining factors listed affect to varying degrees depending on whether the country is a small economy or a large economy, whether the sector is high-tech or low-tech.

CONCLUSION

According to him, while direct investment in research in high-tech industries is doubly effective in increasing competitiveness, investment in physical capital in low-tech industries is also important. In large economies, network competitiveness is more dependent on domestic research, while in smaller economies, innovation from abroad is more influential. However, in the end, it is emphasized that investments in research are more effective in increasing competitiveness than investments in physical capital, regardless of the size of the economy and the high or low level of technology.

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