# **Evaluation of the Competitiveness of Business** Activity in Tourist Enterprises

Umronov Eldorbek Sodirovich Teacher of Fergana Polytechnic Institute, 150100, Fergana, Uzbekistan Email: eldorbekumronov@gmail.com

#### Abstract

In the article, the following important situations affecting the competitiveness of these business entities are studied: different approaches to the assessment of business activity in tourist enterprises, evaluation of its struggle and analysis of the theory of competition. In the course of the research, the internal and external factors of competitiveness in the assessment of business activity in tourist enterprises approach to the assessment of competitiveness were formed and based on the author-based research.

**Keywords**: tourism, tourist services, competition, competitiveness, assessment, tourist activity, economic indicators, internal and external factors of competitiveness, small business and private entrepreneurship.

#### **INTRODUCTION**

Increasing the competitiveness of business activities and tourism services under the influence of various positive and negative changes in the market of tourist services is one of the most important issues for business entities operating in the tourism sector of all countries today. Currently, there are different approaches to competitiveness and its definition, and their diversity causes certain differences and diversities in the formation of a single approach to the definition of competitiveness. Some researchers understand competitiveness only as the technical characteristics of manufactured products, while others give different interpretations

without distinguishing between different levels of production (service).

#### Methodology

One of the main reasons for the decrease in consumer demand for services created by entrepreneurs operating in the market of tourism services is the imbalance between product quality and price. In such conditions, competition becomes a means of stimulating the efficiency of businessmen's activity, the optimal ratio of prices for services with appropriate quality indicators, and the regulation of consumer demand.

Today, competition for consumers (clients) is intensifying in the market of tourist services, and the task of forming bright and expressive competitive advantages, which shape the process of ensuring competitiveness to a greater extent, is put forward. The assessment of the competitive



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struggle of entrepreneurs operating in the field and the analysis of the theory of competition allow us to determine the following important situations that affect the competitiveness of these business entities:

- state describing the business entity;
- description of tourist services;
- case describing the customer service process;
- state describing the marketing and sales policy.

In connection with this, there is a need for additional research into the ways and methods of ensuring competitiveness, clarification of monitoring tools, and study of competitiveness evaluation methods.

Before assessing the competitiveness of business activities in the market of tourism services, it is important to clarify the concepts of "competition" and "competitiveness".

The main concept that represents the essence of market relations in modern conditions is the concept of competition, and competition is the centre of internal resistance of the entire market economy system, the set of relations between producers in relation to price determination and the volume of goods supplied in the market.

The competitiveness of the tourism business is its ability to successfully compete in the market and obtain certain economic benefits compared to competitors. Competitiveness is a complex character that can be represented by group, aggregated indicators. The purpose of assessing the competitiveness of the enterprise is to determine the position of the enterprise in the local, regional or international markets. Despite the complex problems that arise in the scientific field with the study of the nature of competitive processes, there are different definitions of it. For example, M. Porter says: "Competition is a dynamic and evolving process, a constantly changing landscape in which new products, new marketing channels, new production processes and new market segments appear"<sup>1</sup>.

RA Fathutdinov suggests defining the concept of "competition" as follows: "Competition is the process of managing an entity with competitive advantages in order to win the fight against competitors or to achieve other goals to meet objective and subjective needs within the framework of legislation or in natural conditions."<sup>2</sup>. From the point of view of the development of society, competition is the competition of the old structure with the newly formed system (new products, new technologies, new sources of needs, new types of business activities, etc.). At the current stage of economic development, competition as a driving force forces manufacturers to constantly look for new ways to increase their competitiveness. Therefore, summarizing several existing definitions, the competition in comparison with similar objects in a given market, their level, the level of development of the firm compared to the level of development of competing firms is to satisfy people's needs more effectively with their goods than with their

p. <sup>2</sup>Fathutdinov R.A. Upravlenie konkurentosposobnostyu organizatsii: uchebnoe posobie / R.A. Fatkhutdinov. -M.: "Finance", 2004. -248 p.



<sup>&</sup>lt;sup>1</sup>Porter M. Competition. Per. English / M. Porter. Izd. Обновленное и расширенное. - М.: "Yuniti", 2010. -578 р.

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services. Among other factors, the social environment has a significant impact on the competitiveness of an entrepreneur.

When evaluating the competitiveness of a business entity operating in the market of tourism services, the following aspects can be defined as the main ones:

- on the quality of products and services;
- on marketing and sales strategy;
- according to the qualification level of employees;
- according to the high technological level of service;
- on the financial status of the business entity.

With the development of the market mechanism, the problem of competitiveness of business entities in the field of tourism has intensified, and its solution requires all market participants to search for effective ways and methods of increasing competitiveness in the market of tourism services. In this regard, it is necessary to increase competitiveness in order to strengthen the position in the market in order to increase profit. Since competitiveness is the key to the success of tourist products and their producers in the market, and solving the problem of competitiveness is the most difficult task in the activity of any tourism enterprise, it requires that all departments of the enterprise are equally coordinated and purposeful. A special area of activity of tourism enterprises is the development of strategic approaches to competition.

The importance of assessing the competitiveness of tourism activity is determined by the increasing role of tourism in all spheres of social life. Tourism contributes to the optimization of economic processes in the economy through the development of tourism enterprises, public catering, communication, population employment and the increase of foreign exchange earnings for the country. Many scientific research works at the global and local levels are devoted to the study of various aspects of evaluating the level of competitiveness of tourism enterprises. However, the creation of services and improvement of financial management in tourism business activities, specific characteristics of tourism, its theory and methodology, including the development of an algorithm for constantly evaluating the competitiveness of the activity. The rapid globalization of tourism activities, and the emergence of new, high-quality services based on the requirements of the times lead to increased competition among entrepreneurs. In this regard, it is necessary to determine the factors affecting the competitiveness of business activity, as well as the factors of competitive advantages (Table 1).

Table 1. Internal and external factors of competitiveness		
Classification of factors	Factor signs	Characteristics of the factors
Key factors	Natural resources, climatic conditions, geographical location, unskilled and low-skilled labour force, debt capital	They exist objectively or require insignificant, public and private investments to create them. The advantage they create is unstable and there is little benefit from using

 Table 1. Internal and external factors of competitiveness<sup>3</sup>

<sup>&</sup>lt;sup>3</sup>Author development.

		this advantage. They are not a reliable source of competitive advantage.
Development factors	Modern information infrastructure, highly qualified specialists	Relatively high-level factors. Their development requires significant, often time- consuming, investments of capital and human resources.
Special factors	Specialists in narrow specialities, specialized infrastructure, databases on specific areas of knowledge, and other factors used in one or limited areas	To ensure competitiveness, a more significant, long-term competitive advantage is created.
Natural factors	Natural resources and geographical location	
Artificial factors	Man-made factors	Factors ensuring a relatively high level and stable competitiveness

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Factors can be important both in the direction of increasing and decreasing the competitiveness of the enterprise. But the existence of factors is not enough to ensure competitiveness. Gaining a competitive advantage based on factors is as important as how effectively they are used, where and in what industry they are used (Figure 1).



Figure 1. Factors affecting competitiveness<sup>4</sup>

A competitiveness assessment can be done by taking into account the interests of buyers, investors, government agencies, etc. (Figure 2).

<sup>&</sup>lt;sup>4</sup>Author development.

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Figure 2. Approaches to Assessment of Competitiveness in tourist enterprises<sup>5</sup>

In addition, the methods themselves do not limit the selection of objects, criteria and weighting rates of indicators. At the same time, it is proposed to identify several directions for evaluating the competitiveness of tourism enterprises. The main indicator of the competitiveness of the enterprise at the operational level is an integral indicator of the competitiveness of services. At the tactical level, the competitiveness of the enterprise is provided by its general financial and economic situation, and the state of the enterprise is characterized by the comprehensively obtained indicators.

At the strategic level, the competitiveness of the enterprise is characterized by investment attractiveness, its criterion is determined by the growth of business value. In general, approaches to assessment should be carried out taking into account the dependence of the management of the enterprise's competitiveness on the field, because competitiveness has several characteristics that are important in the development of its assessment methodology. It has a dynamic character: it can be studied and analyzed only in relation to a certain period, taking into account changes in market conditions. Competition can manifest itself only in a non-scarce market. It follows that evaluation methods that do not take into account the activities of competitors are not reliable.

Thus, the competitiveness planning process allows for the planned and systematic formulation of the overall competitiveness policy of the business activities of tourist enterprises. The methodological recommendations and approaches developed in the research work on ensuring the competitiveness of tourist enterprises are the basis for raising the entrepreneurial activity in enterprises to a new level of quality.

### Conclusion

Increasing the competitiveness of business activities and tourism services under the influence of various positive and negative changes in the market of tourist services is one of the important issues for business entities operating in the tourism sector in all countries of the world today.

<sup>&</sup>lt;sup>5</sup>Author development.

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The most important task of assessing the competitiveness potential of tourist enterprises is to increase the level of economic activity of the countries, ensure financial stability, the efficiency of using innovative activities and marketing resources, and evaluate the level of skills of employees.

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