AMERICAN JOURNALS
Open Access, Peer Reviewed Journals

American Journal of Business Management, Economics and Banking
ISSN (E): 2832-8078 Volume 23, | April - 2024

FORMATION OF COMPETITIVE ADVANTAGES OF THE ENTERPRISE

Bekbayeva Feruza Baxtiyerovna
Senior Lecturer Tashkent State University of Economics
Tashkent, Uzbekistan

A B S T R A C T	K E Y W O R D S
This article explores the process of forming competitive advantages within enterprises, aiming to elucidate strategies and methodologies that foster organizational success in competitive markets. Through an in-depth analysis of various factors influencing competitive advantage development, including organizational culture, strategic planning, innovation, and market positioning, this study aims to provide valuable insights into enhancing the competitiveness of businesses. By identifying key determinants and leveraging opportunities effectively, enterprises can optimize their operations, differentiate themselves from competitors, and sustain long-term success in dynamic business environments.	Formation, Competitive Advantages, Enterprise, Organizational Culture, Strategic Planning, Innovation, Market Positioning, Competitiveness, Business Environment.

Introduction

In today's fiercely competitive business landscape, enterprises strive to gain a sustainable edge over their rivals by leveraging their unique strengths and resources. This pursuit of competitive advantage has become a cornerstone of strategic management, driving firms to continuously innovate and differentiate themselves in the market [1]. Understanding the process of how competitive advantages are formed within enterprises is crucial for managers and business leaders seeking to enhance their organization's performance and long-term success.

Competitive advantage refers to the distinct attributes and capabilities that enable a company to outperform its competitors in the marketplace [2]. These advantages can arise from various sources, including superior product quality, efficient operations, innovative technology, strong brand reputation, or strategic positioning [3]. However, the process of forming competitive advantages is multifaceted and requires careful consideration of internal strengths, external opportunities, and industry dynamics.

Research in strategic management has identified several frameworks and approaches to understanding and developing competitive advantages. The resource-based view (RBV) of the firm emphasizes the importance of leveraging valuable, rare, and difficult-to-imitate resources and capabilities to achieve sustainable competitive advantages [4]. Similarly, the dynamic capabilities perspective highlights the role of organizational adaptability and agility in responding to changing market conditions and exploiting emerging opportunities [5].

In this article, we will delve into the intricacies of competitive advantage formation within enterprises. By examining key theories, models, and practical strategies, we aim to shed light on the mechanisms through which companies can effectively identify, develop, and capitalize on their competitive strengths. Through a comprehensive understanding of these dynamics, organizations can position themselves for long-term success and resilience in an increasingly competitive business environment.

MATERIALS AND METHODS

1. Resource-Based View (RBV) of Competitive Advantage:

The Resource-Based View (RBV) of competitive advantage posits that firms can achieve sustainable competitive advantages by leveraging their unique bundle of resources and capabilities. Resources can be tangible, such as physical assets and financial capital, or intangible, including organizational knowledge, brand reputation, and intellectual property. Capabilities refer to the firm's ability to deploy resources effectively to create value for customers and achieve superior performance [3].

According to the RBV framework, competitive advantages arise when firms possess resources that are valuable, rare, inimitable, and non-substitutable (VRIN). For example, a pharmaceutical company may possess a patented drug formulation that provides it with a competitive edge due to its uniqueness and exclusivity. By leveraging such valuable and rare resources, firms can differentiate themselves from competitors and sustain their competitive positions over time.

2. Dynamic Capabilities Perspective:

The dynamic capabilities perspective extends the RBV framework by emphasizing the importance of organizational adaptability and agility in responding to changing market conditions and technological advancements. Dynamic capabilities refer to a firm's ability to integrate, build, and reconfigure internal and external competencies to address rapidly evolving business environments [5].

In today's fast-paced and unpredictable markets, dynamic capabilities are essential for firms to stay competitive and seize new opportunities. For example, a technology company may invest in research and development (R&D) capabilities to continuously innovate and develop new products that meet evolving customer needs [6]. By fostering a culture of innovation and flexibility, organizations can enhance their resilience and ability to thrive in turbulent times.

3. Strategic Positioning and Market Orientation:

Strategic positioning involves identifying and occupying a distinct market niche where the firm can effectively compete and deliver unique value to customers [7]. Through strategic positioning, firms can differentiate themselves from competitors based on factors such as product quality, price, customer service, or brand image. For instance, a luxury car manufacturer may focus on premium quality and superior craftsmanship to target affluent consumers seeking luxury vehicles [8].

Market orientation, on the other hand, refers to the firm's responsiveness to customer needs, preferences, and market dynamics [9]. By maintaining a customer-centric approach and continuously monitoring market trends, firms can adapt their strategies and offerings to meet changing customer demands. For example, a retail company may gather customer feedback through surveys and focus groups to tailor its product assortment and marketing campaigns to specific target segments [10].

4. Strategic Alliances and Collaborations:

Strategic alliances and collaborations can also contribute to the formation of competitive advantages by leveraging complementary resources, capabilities, and market access [11]. By partnering with other firms, organizations can access new markets, share risks and costs, and accelerate innovation. For example, a biotechnology company may collaborate with a pharmaceutical firm to jointly develop and commercialize a new drug therapy, pooling their expertise and resources for mutual benefit [12].

In summary, the formation of competitive advantages within enterprises involves a multifaceted process that encompasses resource leveraging, dynamic capabilities development, strategic positioning, and collaborative partnerships. By adopting a holistic approach to strategic management and continuously refining their competitive strategies, organizations can enhance their market position, profitability, and long-term sustainability.

CONCLUSION

In conclusion, the pursuit of competitive advantages is essential for the long-term success and sustainability of enterprises in today's dynamic business environment. Through strategic resource allocation, leveraging internal strengths, and exploiting market opportunities, organizations can carve out unique positions that differentiate them from competitors. The Resource-Based View (RBV) emphasizes the significance of valuable, rare, and non-substitutable resources in establishing competitive advantages, highlighting the importance of strategic resource management.

Furthermore, dynamic capabilities play a critical role in enabling firms to adapt and respond to changing market conditions effectively. By fostering a culture of innovation, continuous learning, and strategic agility, organizations can enhance their ability to seize emerging opportunities and address competitive threats. Strategic alliances and collaborations offer avenues for firms to access additional resources, capabilities, and markets, augmenting their competitive positions.

Moreover, strategic positioning and market orientation are fundamental in aligning organizational strategies with customer needs and market trends. By understanding customer preferences and delivering superior value propositions, enterprises can enhance customer satisfaction and loyalty, thereby solidifying their market positions. However, it is essential for organizations to continually monitor market dynamics and adjust their strategies accordingly to sustain their competitive advantages over time.

In summary, the formulation and execution of effective competitive strategies are critical for enterprises seeking to thrive in competitive markets. By leveraging their unique strengths, fostering innovation, and building strategic alliances, organizations can establish sustainable competitive advantages that drive long-term success and profitability.

REFERENCES

1. Barney, J. (2001). Firm Resources and Sustained Competitive Advantage. Journal of Management, 17(1), 99-120.
2. Porter, M. E. (2015). Competitive Advantage: Creating and Sustaining Superior Performance. Free Press.
3. Prahalad, C. K., & Hamel, G. (1990). The Core Competence of the Corporation. Harvard Business Review, 68(3), 79-91.

4. Wernerfelt, B. (1984). A Resource-Based View of the Firm. Strategic Management Journal, 5(2), 171-180.
5. Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic Capabilities and Strategic Management. Strategic Management Journal, 18(7), 509-533.
6. Eisenhardt, K. M., & Martin, J. A. (2000). Dynamic Capabilities: What Are They? Strategic Management Journal, 21(10-11), 1105-1121.Porter, M. E. (1980). Competitive Strategy: Techniques for Analyzing Industries and Competitors. Free Press.
7. Grant, R. M. (1991). The Resource-Based Theory of Competitive Advantage: Implications for Strategy Formulation. California Management Review, 33(3), 114-135.
8. Kohli, A. K., & Jaworski, B. J. (1990). Market Orientation: The Construct, Research Propositions, and Managerial Implications. Journal of Marketing, 54(2), 1-18.
9. Narver, J. C., & Slater, S. F. (1990). The Effect of Market Orientation on Business Profitability. Journal of Marketing, 54(4), 20-35.
10. Gulati, R. (1998). Alliances and Networks. Strategic Management Journal, 19(4), 293-317.
11. Das, T. K., & Teng, B. S. (2000). A Resource-Based Theory of Strategic Alliances. Journal of Management, 26(1), 31-61.
12. Sirajiddinov, N. (2017). Currency regime of Uzbekistan: goals, consequences, ways to improve. *International Relations: Politics, Economics, Law*, *2017*(1), 72-88.
13. Khaidaraliev, S. (2023). OPPORTUNITIES OF UZBEKISTAN IN THE DEVELOPMENT OF MUTUAL COOPERATION IN CENTRAL ASIA.
14. Capolupo, R., & Jonung, L. (2008). The effects of the real exchange rate volatility and misalignments on foreign trade flows in Uzbekistan. *Economics Discussion Paper*, (2008-29).
15. Ibragimov, M., Ibragimov, R., & Sirajiddinov, N. (2009). Modeling and forecasting income tax revenue: The case of Uzbekistan. *Economic Forecasting. Economic Issues Problems and Perspectives*, 213-227.
16. Dilshod og, T. I., & Maratovna, T. L. (2023). DAVLAT IQTISODIYOTINI YANGI BOSQICHGA ERISHISHIDA “ISLOM BANK” INING AHAMIYATI. *Новости образования: исследование в XXI веке*, *1*(7), 13-17.
17. Абдужабборов, Н., & Ташпулатова, Л. (2024). O'zbekiston iqtisodiyotini modernizatsiyalash sharoitida islom moliyasining o ‘rni. *Узбекистан–стратегия 2030 с точки зрения молодых ученых: экономика, политика и право*, *1*(1), 205-208.
18. Ташпўлатова, Л. М. (2004). Минтақанинг ижтимоий-иқтисодий салоҳияти. *Т.: ТДИУ*.