



IMPROVING THE EFFICIENCY OF ENTERPRISES IN THE HOUSING INDUSTRY

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Abstract

The research paper formulates the conceptual position that the competitive superiority of construction products, mediated by the intensification of innovative activities, is a critical condition for long-term economic development and the main factor in increasing the competitiveness of a construction organization. The logical sequence of the process of developing competitive advantages is revealed, the conditions and factors for increasing construction products are grouped, which have a direct impact on the process of goal-setting construction organizations, their implementation of a competitive strategy, which will allow a real assessment of the market positions of organizations and develop a set of practical measures that ensure increasing the competitiveness of construction organizations.

Keywords: building sector, efficiency, enterprises, financial resources, scope of work, structure of housing construction.

1. Introduction

The production and sale of high-quality construction products is a fundamental factor in increasing the competitiveness of a construction organization.

Compliance with the requirements of the system of technical regulation and standards is the main condition for achieving a high level of quality of construction products. The application of the technical regulation system as a tool for activating innovative activity in increasing the competitiveness of construction products is noted in the “Strategies for modernization, accelerated and innovative development of the construction industry of the Republic of Uzbekistan for 2021-2025”[1].

For the development of the technical regulation system, at present, it is necessary to solve the following tasks:

- modernization and adaptation of existing standards and normative and technical documents regulating the innovative activities of construction organizations, including by eliminating artificial barriers and restrictions from them;
- improvement of the system of building technical regulation and standardization, in terms of requirements for the design, construction and operation





of buildings and structures, in accordance with the Technical Regulations on the safety of buildings and structures;

- formation of relevant requirements for the procedure for assessing the suitability of products of the construction industry at the legislative level, allowing to ensure the safety and reliability of buildings and structures, bringing to the status of a regulatory document a technical certificate for standardization;
- tightening requirements for the consumption of natural resource potential, ensuring the environmental safety of products for people and the environment, reducing energy and material consumption, with the introduction of a system of possible incentives and appropriate sanctions;
- development of approaches to stimulate the use of building materials from recycled materials in compliance with sanitary, epidemiological and environmental standards;
- Bringing Uzbek companies in line with international standards to expand exports of building materials.

2. Methods of research

The products and services of the construction industry meet the demand in the long term, while the coordination of activities in the construction and design of facilities, taking into account the standards at the global level is necessary [2-6].

Modern works on strategic management define the concept of competitive strategy as a set of rules and techniques that can guide a company whose goal is to achieve and maintain competitiveness in a particular industry, able to successfully withstand the negative effects of all competitive forces in its industry, and take a competitive position.

Table.1. A set of measures to develop competition in the construction industry

The main directions of development of competition in the construction industry			
Elimination of restrictions that hinder the expansion of the scale of innovative activity of construction organizations and the spread of advanced technologies in the industry	Strengthening incentives at the company level for continuous innovation, use and development of new technologies to ensure the competitiveness of the construction business	Formation of favorable conditions for the creation of new high-tech companies and the development of new product markets	Transition to digital regulation of the construction industry



A competitive strategy can also be interpreted as a tool for achieving a comparative advantage in relation to other organizations in the construction industry, both within the country and abroad.

In economics, the concept of a competitive strategy is used in an integrated approach to the activities of enterprises and organizations in a competitive market, taking into account the existing potential and consumer utility of manufactured products. And in this sense, the long-term development of a construction organization is carried out in the direction of sustainable positioning and satisfaction of market demand; stimulation of entrepreneurial initiative. Thus, competitive strategy as a process contributes to the solution of two classes of problems. The first class of tasks provides for a number of actions that are aimed at reducing current production costs, pursuing the goal of increasing sales. The second class of tasks activates the main activity of a construction company due to its economic potential, primarily innovative [7-13].

Thus, it is necessary to develop a competitive strategy that takes into account structural changes in the economy, inflation, an increase in the scale of innovations, capital costs for the development of innovations, limited production resources and capacities, etc. Increasing the competitive advantages of manufactured products involves setting goals and choosing a competitive strategy that takes into account the conditions functioning, development prospects and real opportunities for construction companies.

Competitive strategy, being the basis for organizational changes, requires the development of strategic plans both at the level of management of the construction organization as a whole and at the level of its divisions. However, when choosing a competitive strategy, there is a prerogative of the head of the company [14-20].

Strategic decision-making is carried out according to two characteristics of irreversibility and long-term consequences of decision-making. At the same time, in the course of making strategic decisions, the economic potential of the construction company changes. At the same time, "there is a return to the previous state of company management, which requires a huge investment of time and resources. Decisions on the use of the economic potential of a construction company should be considered tactical. Decisions that determine the process of formation and change of economic potential must be classified as strategic.

As part of the study, a problem was identified that many construction organizations spend significant funds on maintaining the internal structure, while ensuring stability can smoothly move to bureaucratization of management, which can cause a loss of competitiveness.





In this regard, the focus of the management apparatus only on internal problems can reduce susceptibility to changes in the external environment, in particular to consumer demand.

The need to solve these problems requires an objective assessment of the possibility of increasing the competitiveness of construction products, taking into account the specific characteristics of the competitive environment of a growing market:

- Assess the stabilization and decline in demand (supply) in the market;
- Determine the growth of the intensity and aggressiveness of competition;
- Organize the merger and/or acquisition of small enterprises by large ones (insolvency and high concentration of production);
- Stabilize the level of price growth.

The competitive strategy of a construction organization is significantly influenced by the economic situation in the region. In this regard, it is necessary to provide general approaches and requirements for the development of a competitive strategy in the framework of the strategic management and development of the construction industry. The main approaches and requirements in developing a competitive strategy are:

- increasing the reliability and stable functioning of construction organizations, strictly observing obligations under contracts (agreements);
- improving the quality of construction products and the degree of its readiness for operation;
- changing the nature of the facilities under construction, adapting them to changing production conditions;
- ensuring break-even work;
- mobility of construction organizations as an important factor of their competitiveness.

Competitive strategy should correspond not only to the goals of the construction organization, but also to the requirements of the environment (market dynamics, product life cycle, competitive advantages and other factors); production potential; acceptable risk as set out in the strategy.

The competitive strategy of a construction organization provides for the implementation of common goals:

- ensure a stable position in the domestic market and the possibility of entering the foreign market;
- improvement of the financial condition;
- to ensure the reliability of functioning;
- win a positive reputation in society.





An alternative strategy for the development of competition in construction is to ensure the sustainability of the competitive advantages of a construction organization, formed within the framework of the developed competitive strategy.

In practice, construction organizations use various forms and methods of competition that go beyond traditional competition. The strategic goal of increasing the competitiveness of a construction organization is to develop additional market segments. Each construction organization, proceeding to the realization of this goal, must determine the competitors from whom it is going to win back a part of the market.

There are two ways to proceed:

- the first action is an attack on the leading construction organization;
- the second action is an attack on a weaker competitor.

The construction organization can launch an attack on the leader in the case when it has a stable competitive advantage in comparison with the leader. Achieving such an attack is possible with a tactical approach, because the construction organization delivers a direct blow to the leader and the competition will be based on the principle of "strength against strength". The construction organization conducts an attack not in the direction of the weaknesses of the leader, but in the direction of the strengths, then in this case the economic potential of competitors matters.

In the latter case, the construction organization carries out a "flank" attack on the leader in those areas where the leader has a weaker competitive position. One of these areas may be the choice of a region or market segment where the leader does not have a strong position.

With this in mind, it is possible to offer an integrated approach to achieving the strategic goal of growth in a competitive market, where a construction organization attacks in all areas of the competitor's activities. In this regard, the attacking construction organization needs more resources to expand into all markets in which there is a presence of a leader with all types of products.

In practice, a "bypass" attack is used, when a construction organization does not "attack" the leader directly, but creates a new market that forms competitive advantages for becoming a leader. "A common type of evasive attack involves the creation of a substitute product, or the opening of new geographic markets.

A "bypass" attack can be used in the development and introduction of innovative technologies in the production of innovative products".

The next approach, which is used in the form of an attack at the time of temporary weakening of the competitive position of the strongest organization (leader) in the



market, is typical for medium-sized construction organizations that have the ability to differentiate activities depending on the state of the market.

In the course of the study, it was determined that the competitive environment of the emerging market has distinctive conditions necessary to increase the competitiveness of a construction organization:

- The market is open to participants.
- There is some uncertainty in determining the preferred product for the buyer.
- Insufficient information about competitors, consumers, influencing the choice of the construction organization of the optimal competitive strategy, production technology and characteristics of the attractiveness of construction products.
- There are methods to reduce production costs and improve the quality of construction products based on the introduction of innovations in production and management of the organization, by improving working conditions and increasing productivity.

Thus, within the framework of increasing the competitive advantages of construction organizations, it becomes necessary to form a competitive strategy that contributes to gaining a strong position in the market. Aggressive competition should be conducted among strong competitors, which will lead to an increase in the costs of promoting construction products and mastering a certain market share.

Construction organizations in the new market face the fact of higher costs at the first stage of their activity compared to those that will appear as the market grows. Therefore, construction organizations need financial support to overcome start-up difficulties and make a profit.

The considered conditions can complicate the solution of the problem of choosing a strategy for increasing the competitiveness of a construction organization, taking into account the existing competition in the market.

3. Results

The construction industry in modern economic development is a complex organism, united by industrial, commercial, financial and information structures that interact within the framework of a single legal field for doing business, uniting into universal categories - the market and competition in the conditions of market relations. Competition, representing the “center of gravity” in the economic system, “characterizes the type of relationship between producers in setting prices and volumes of product promotion on the market, making competition between producers. At the same time, competition, being a type of relationship in determining



the price and volume of demand in the market, creates competition between consumers”.

In modern conditions, direct, indirect and expected competitive relations are considered. Direct competitive relations arising from “general competition contribute either to the promotion of the same product to the developed market, or to the promotion of the same products, but to different markets. In indirect competition, a firm enters the market with one product geographically and seasonally in one market or in different markets, geographically and seasonally.

With the expected competition, new products are introduced into the developed market or a new one, geographically and seasonally”.

So, “competition determines the way prices are ordered, being a factor in innovative processes, in particular: the introduction of innovations into production. Competition provides for the exclusion of inefficient companies from production, the rational use of resources, the prevention of monopoly in relation to the consumer, which has a huge impact on the competitiveness of products”.

As part of the study, conditionally 2 types of competition were identified: fair and unfair. The main methods of fair competition are to improve product quality; price reduction; the use of advertising; before and after sales service; in the creation of innovative goods and services.

The methods of unfair competition include economic methods (industrial espionage), counterfeiting of competitors' products, bribery, blackmail, falsification of financial statements, etc.

In the market of construction products, the level of competition is determined by its forms (general, indirect, expected, functional, specific, subject), and functional, specific and subject competition prevails to a greater extent.

As part of the study of functional competition, it was revealed that it occurs when different products satisfy the same need, but in different ways. At the same time, competition arises between producers of goods.

So, “species competition is used when goods for the same need, but differ in certain characteristics in terms of satisfaction. Subject competition is applicable in those conditions when manufacturers offer consumers the same goods, while they may differ with small deviations both in price and quality, and may coincide in all respects” [133].

As part of the working hypothesis of our study, it is important to distinguish two types of competition: price and non-price.

In conditions of price competition, the price and volume of products sold are influenced by the law of supply and demand. Price competition involves the sale of





goods or services at prices lower than those of competitors. In this regard, they use different mechanisms to reduce prices, in particular, either reduce production and sales costs, or reduce the rate of profit, which is included in the price of products.

Price competition occurs when the price and volume of sales are under the influence of the "law of supply and demand". At the same time, competition occurs between market participants, provided that the supply side moves along the demand curve, reducing its prices.

The study identified the main types of price competitions:

- between companies that sell the same products and for low price in order to crowd out competitors, ensuring the greatest sales;
- competition between buyers of the same industry leads to higher prices for the supplied goods;
- competition between consumers and sellers, namely, when buyers offer goods at a low price, and sellers sell at a high price;
- intersect or competition, when there is competition among industries that produce substitute goods, while there is both a decrease and an increase in prices in the market.

Non-price competition occurs as a result of intensive scientific and technical development of production. In a competitive environment, it is not those who offer low prices that win, but those who offer high-quality goods that are produced using innovative technologies.

The causes of non-price competition are manifested in the following conditions:

- high degree of satisfaction of growing needs;
- increasing the level of income;
- expansion of market volumes.

The instruments of non-price competition include: modern resource-saving production technologies, the use of high-quality cheese and materials in production, the introduction of modern forms of production organization and management, etc.

The study revealed that the basis of non-price competition is not the level of prices for construction products, but its consumer properties that determine the level of quality (reliability, durability, environmental friendliness, seismic resistance, etc.).

Consumer properties of construction products are formed "objective restrictions on the extensive increase in its supply on the market, which manifests itself in meeting the need for construction products, which requires the buyer to mobilize significant financial resources. However, sales promotion for construction products has limitations".



It is important to note that in most cases, building products must meet the complex individual needs of buyers, as well as the production needs of business consumers. It follows that all this determines the conservatism and inelasticity of demand for finished products in construction. However, the economic nature of these characteristics of demand for final and business consumption can be defined as different. Since, the final consumption of construction products satisfies the basic needs of the consumer.

It should be noted that the demand for construction products is a derivative, since its value depends on the situation on the consumer market, which invests in industrial buildings and structures.

Entry into the construction industry and economic barriers are individualized, as is the demand for construction products. However, a situation of "limited competition in the market of construction products both between producers and consumers, and in relations between individual customers and contractors" is being created. In most cases, it is not a mass, but a differentiated approach to the creation of building products that takes into account the needs of individual consumers.

It should be noted that a construction organization can act in all types of markets, but with the target distribution, the type of product and the specific conditions for its implementation are important:

- Consumer market - persons acquiring, for example, real estate for personal consumption;
- Market of manufacturers - organizations that purchase construction products to use them in the production process;
- Market of resellers - firms or individuals who purchase construction products for resale;
- The market of federal, regional or local authorities - enterprises that purchase construction products for the secondary market;
- World market - buyers abroad (foreign consumers, manufacturers, intermediaries, government agencies).

It is important to note that building materials are sold mainly in the first 3 types of markets; construction services, which consist in the construction of industrial and residential facilities, are offered mainly to the market of the 2nd type and civil facilities (schools, kindergartens, hospitals, etc.) - the market of the 4th type. As the study showed, the modern market of construction products makes high demands on its novelty, which implies a high technical and technological readiness of construction organizations to create innovative products.



The specificity of achieving success in the process of forming long-term competitive benefits and advantages in the construction industry is an expedient technological combination of success factors. The essence of this postulate boils down to the need for a strictly defined combination of technological components that ultimately leads to success.

Below we analyze the main conditions for the formation of long-term competitive benefits and advantages, which consist of a technological combination of factors.

First, as a result of the influence of technological factors, a professional selection of nomenclature is ensured throughout the industry, as well as the completeness and depth of the assortment in the main product groups. At the same time, the proposed nomenclature should be significantly higher than that of direct competitors, prices are higher than the industry average by about 3 - 10%.

Secondly, it is necessary to have a constant material stock for the entire range. Sufficient storage space is desirable.

Thirdly, the advertising of construction products should be strong, in line with the level of leading enterprises in the construction industry, but at the same time, more intense advertising of direct competitors.

Fourthly, by optimizing market segmentation, the construction company will be able to strengthen its market niche and strengthen its competitive influence in the selected local market segment.

In particular, we are talking about the possibility of covering the category of related goods/services that complement the main category. For example, supplementing the range of products offered with a range of household appliances supplied to the construction market, offering related products, providing additional works/services, selling various accessories in order to ensure the complexity of construction works of complex facilities and, as a result, strengthening competitive position of the construction company in the market.

Thus, the main success factors that contribute to the creation of sustainable competitive advantages are the internal assets and competencies of enterprises and organizations in the construction industry (reputation, qualified personnel, leading managers, advanced technologies, modern equipment, etc. assets).

The key factors that determine the competitive advantages of construction products are characterized by a wide variety. At the same time, the whole variety of factors and conditions affecting the process of formation of the competitive advantages of construction products can be divided into three groups:

factors and conditions associated with the target activity of the construction organization/enterprise;



- factors related to the development and implementation of competitive development strategies;
- factors related to ensuring sustainability and long-term competitive advantages/advantages achieved.

Of course, such a division of factors is arbitrary, since these factors are closely interrelated; moreover, with their effective interaction, one can count on a positive synergistic effect.

With any combination of key success factors, it is advisable to formulate certain requirements that the management of a construction organization should be guided by when making management decisions that ensure an increase in the level of competitiveness.

This includes: establishment of a system of decision criteria; a comprehensive and objective assessment of the possible consequences of the decisions being made; taking into account the features of the problem being solved and the compliance of the solutions with the system of strategic goals of the construction organization; sufficiency and availability of initial (primary and secondary) data, as well as the objectivity of the information used.

4. Conclusion.

The basis for making managerial decisions that ensure an increase in the competitiveness of a construction organization are the results of diagnostics (assessment) of the achieved level based on an adequate system of indicators.

Consequently, guided by a reproduction-evolutionary approach to achieving the strategic goal of increasing the competitiveness of a construction organization, which focuses on the constant renewal of construction production to meet the needs of a growing market, it has been proved that increased competition in the market is an objective condition for the need for innovative transformations in the construction industry.

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