

## STRATEGIC INTERRELATIONSHIP BETWEEN COMPETITIVENESS AND PRODUCT COST IN INDUSTRIAL PRODUCTION

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**Annotatsiya:** Maqolada ishlab chiqarish xarajatlari va bozor iqtisodiyoti sharoitida sanoat korxonasining raqobatbardoshligi o'rtasidagi bog'liqlik o'rganilgan. Raqobatning nazariy mohiyati va uning iqtisodiy samaradorlikni shakllantirishdagi roli ochib berilgan, ishlab chiqarish xarajatlari tarkibi va darajasining mahsulot tannarxiga va korxonaning bozordagi barqarorligiga ta'siri ta'kidlangan. Ilmiy yondashuvlar va sanoati rivojlangan mamlakatlarning amaliy tajribasini tahlil qilish asosida xarajatlarni optimallashtirish, resurslarni tejaydigan texnologiyalarni joriy etish, ishlab chiqarish jarayonlarini takomillashtirish va resurslarni innovatsion boshqarish raqobatdosh ustunliklarni kuchaytirishning asosiy omillari ekanligi asoslangan. Xarajatlarni kamaytirish nafaqat rentabellikni oshirish mexanizmi, balki korxonani modernizatsiya qilish, raqamlashtirish va rivojlantirish uchun katalizator vazifasini bajarishi ko'rsatilgan. Xarajatlarni iqtisodiy tahlil qilish yo'nalishlari keltirilgan va sanoat sektorining barqaror raqobatbardoshligini shakllantirishning asosiy shartlari ko'rsatilgan.

**Kalit so'zlar:** sanoat rivojlanishi; iqtisodiy barqarorlik; ishlab chiqarish xarajatlari; korxonaning raqobatbardoshligi; bozor iqtisodiyoti; mahsulot tannarxi; ishlab chiqarish samaradorligi; innovatsiyalar; resurslarni tejash.

**Аннотация:** В статье исследуется взаимосвязь между производственными затратами и конкурентоспособностью промышленного предприятия в условиях рыночной экономики. Раскрывается теоретическая сущность конкуренции и её роль в формировании экономической эффективности, акцентируется влияние структуры и уровня производственных затрат на себестоимость продукции и устойчивость предприятия на рынке. На основе анализа научных подходов и практического опыта промышленно развитых стран обосновано, что оптимизация затрат, внедрение ресурсосберегающих технологий, совершенствование производственных процессов и инновационное управление ресурсами являются ключевыми факторами усиления конкурентных преимуществ. Показано, что снижение издержек выступает не только механизмом повышения прибыльности, но и катализатором модернизации, цифровизации и развития предприятия. Представлены направления экономического анализа затрат и обозначены основные условия формирования устойчивой конкурентоспособности промышленного сектора.

**Ключевые слова:** промышленное развитие; экономическая устойчивость; производственные издержки; конкурентоспособность предприятия; рыночная экономика; себестоимость продукции; эффективность производства; инновации; ресурсосбережение.

**Abstract:** The article examines the relationship between production costs and the competitiveness of industrial enterprises in a market economy. It reveals the theoretical essence of competition and its role in shaping economic efficiency, emphasizing the impact of the structure and level of production costs on the cost of production and the stability of enterprises in the market. Based on an analysis of scientific approaches and practical experience in industrially developed countries, it is argued that cost optimization, the introduction of resource-saving technologies, the improvement of production processes, and innovative resource management are key factors in strengthening competitive advantages. It is shown that cost reduction is not only a mechanism for increasing profitability, but also a catalyst for modernization, digitalization, and enterprise development. The directions of economic cost analysis are presented and the main conditions for the formation of sustainable competitiveness of the industrial sector are outlined.

**Keywords:** industrial development; economic stability; production costs; enterprise competitiveness; market economy; production cost; production efficiency; innovation; resource conservation.

**Introduction.** In the current stage of market economy development, the key factor for the sustainable functioning and development of an industrial enterprise is ensuring its competitiveness based on the rational use of production resources and optimization of production costs. The competitiveness of commercial products is an objective criterion for the effectiveness of an enterprise's activities and an indicator of its ability to occupy a stable position in domestic and foreign markets. In this regard, the study of the mechanisms of the impact of production costs on the formation of competitive advantages in the industrial sector is of particular scientific and practical importance.

The economic growth of industrial production entities is characterized by a close relationship with the competitive environment formed within the industry. Competitive relations serve as the institutional basis for improving the efficiency of an enterprise's operations, stimulating the introduction of innovations, modernization of production processes, improvement of quality, and reduction of production costs. In this regard, the analysis of the theoretical foundations and practical mechanisms of the competitiveness of an industrial enterprise in a market economy requires a thorough scientific justification and a systematic approach.

**Literature review.** Competition as an economic category reflects the system of relationships between economic entities aimed at achieving the best positions in the process of production, distribution and sale of products. The essence of competition is manifested in the need for economically efficient use of resources, selection of optimal production technologies and ensuring high adaptability of enterprises to changes in the market environment.

In scientific literature, competitiveness is presented as a function of the level of

production costs and product quality. From the point of view of classical economic schools, the main condition for ensuring competitive advantages is the economy of production costs through the introduction of advanced technologies and the optimisation of the use of raw materials. Reducing costs per unit of output forms the basis for the growth of economic efficiency and financial stability of an industrial enterprise.

According to S. Khashukaev, production is based on reducing production costs, while V. Plonsky emphasises that the level of costs is a determining factor in competitiveness. Sharing these scientific positions, we can conclude that production costs perform a dual function: they ensure the effective functioning of the production process and serve as a source of profit. Production costs and competitiveness are interrelated and mutually dependent, and their optimal ratio contributes to the sustainable development of an industrial enterprise.

Production costs are a key element in determining the cost of production and determine the enterprise's ability to achieve a competitive advantage. Cost rationalisation based on the analysis of dynamic series, assessment of technological efficiency, identification of resource savings and improvement of the production process structure ensures the formation of sustainable competitiveness.

Consequently, the relationship between production costs and competitiveness is two-sided: cost optimisation strengthens competitive positions, while a high level of competition encourages companies to seek new opportunities to reduce costs and increase production efficiency.

**Research methodology.** The methodological basis of the study consists of systemic, structural-functional and comparative approaches, which provide a comprehensive view of the relationship between production costs and the competitiveness of industrial enterprises. The research employs methods of economic analysis, including horizontal and vertical cost analysis, factor analysis, dynamic series assessment, and methods of comparative assessment of the efficiency of production processes. The principles of competitiveness theory, the provisions of classical and neoclassical economic schools on the role of production costs in the formation of market advantages, as well as the concepts of resource conservation, innovative development and optimisation of production and technological systems were used. The information base of the study consisted of official statistical data from national and international organisations, analytical materials on the industrial sector, scientific publications, and regulatory acts governing competition policy and industrial development. The comprehensive application of these methods made it possible to establish causal links between the level of production costs, the degree of competitiveness of an enterprise, and the efficiency of industrial production.

**Analysis of material and research results.** The efficiency of production costs is a key criterion for assessing the competitiveness of an industrial enterprise. The formation of competitive advantages depends on the level of organisation of the production process, the degree of innovation, the quality of resource management, and the compliance of manufactured products with market demand. In a rapidly changing economic environment, an enterprise must not only optimise its cost structure, but also ensure that its costs are adapted to the requirements of a competitive market.

An analysis of the practices of industrially developed countries shows that high competitiveness is achieved through the introduction of resource-saving technologies, the digitalisation of production processes, and the optimisation of logistics and quality management systems. The experience of major American, British and Japanese companies shows that effective cost management is the foundation of their competitive advantages in global markets.

In countries with emerging market economies, including Uzbekistan, the competitiveness of industrial production largely depends on the sectoral structure and the focus of enterprises on the export of raw materials and high-tech products. This confirms the need to transition to innovative mechanisms for managing production costs in order to ensure sustainable growth and increase competitive potential.

Optimising production costs requires a comprehensive economic analysis, including an assessment of cost dynamics, cost structure, and the efficiency of fixed and working capital utilisation, as well as the identification of factors affecting the cost of the production process. The key objectives of the analysis are to identify priority areas for resource savings and to develop a system of measures to improve cost management efficiency.

Thus, production costs and the competitiveness of an industrial enterprise are in a state of constant interaction, which forms a dynamic model of production process development. Cost rationalisation ensures profit growth, increases the stability of the enterprise and strengthens its market position, while competition itself stimulates further improvement of production technologies and organisational management mechanisms.

**Conclusions.** The study confirmed that production costs are a fundamental factor in determining the competitiveness of industrial enterprises in a market economy. It was established that reducing costs per unit of output, optimising the cost structure and improving the efficiency of production resources directly affect the ability of enterprises to maintain a stable position in domestic and foreign markets. Competition is a key external stimulus for the dynamic development of the industrial sector, encouraging enterprises to modernise technological processes, introduce innovations, and improve quality management and logistics systems.

An analysis of theoretical and practical aspects has shown that the relationship between production costs and competitiveness is two-way: cost optimisation strengthens the competitive position of an enterprise, and a high level of competition stimulates further improvements in production efficiency. It has been established that in modern conditions, the most effective enterprises are those focused on resource conservation, digitalisation of production processes, flexible cost management, and the introduction of innovative technologies.

A systematic increase in the competitiveness of an industrial enterprise is only possible with comprehensive management of production costs, including economic analysis, assessment of efficiency reserves, improvement of organisational and technological processes, and adaptation of development strategies to the conditions of the competitive environment. Cost rationalisation is the basis for sustainable economic growth of an enterprise, increasing its financial stability and strengthening its competitive advantages in the context of globalising markets.

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