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MECHANISMS FOR INCREASING THE COMPETITIVENESS OF SMALL BUSINESS PRODUCTS AND EXPANDING FOREIGN ECONOMIC RELATIONS

Yoqubjonov Rahmonjon Rahimjon ugli

Namangan State University

Teacher of the Department of Green Economy and Sustainable Business

Abstract. *This article analyzes the mechanisms for increasing the export potential of small businesses and expanding their foreign economic activity in the context of modernization of the national economy and deepening structural changes. During the study, the transformational factors limiting the integration of small businesses into foreign markets - disruptions in the logistics chain, complexities in the international certification system, and the lack of information and consulting - were systematically considered. The article also puts forward scientific and practical proposals and recommendations on the use of digital platforms, cluster cooperation models, and marketing innovations as modern drivers for accelerating foreign economic relations and ensuring the international competitiveness of small business products.*

Keywords: *Foreign economic relations, export mechanisms, foreign market, competitiveness, digital platforms, logistics chain, marketing innovations, cluster cooperation, international certification.*

INTRODUCTION

In the context of global economic integration and the acceleration of market relations, ensuring sustainable growth rates of the national economy is directly related to activating the export potential of small business entities and expanding their participation in international markets. The development of export activities in small businesses is not only an achievement of strategic management at the enterprise level, but also an integral part of the country's economic security and macroeconomic stability. Today, the fact that products manufactured by small business entities have their place not only in the domestic market, but also in the foreign economic arena has become one of the priority areas of state economic policy. The system of expanding foreign economic relations has a complex conceptual basis, which requires the integration of the principles of systematic study of foreign markets, raising the quality and attractiveness of products to international standards, optimizing the logistics chain, and the effective use of modern digital trade channels. Only the implementation of these elements in a synergistic and coherent manner will give the expected effective result in ensuring a stable position of small business products in foreign markets.

LITERATURE REVIEW

In the context of economic modernization, deepening structural changes and liberalization of foreign trade relations, small business entities operate in an environment of high uncertainty, risks and fierce global competition. Rapid changes in the international market situation, complexities in the cross-border logistics chain, and tightening requirements for international quality standards and technical regulations make it a strategic necessity to increase the competitiveness of small business products and improve the external economic mechanisms supporting them. According to statistical

and empirical analyses, although the economic stability of export-oriented small businesses is higher than that of entities operating only in the domestic market, their institutional barriers, financial and operational risks at the stage of entering the foreign market are significantly higher [1], [2]. Therefore, systematic research on the theoretical and methodological foundations of ensuring the competitiveness of small business products and export strategies is of significant scientific and practical importance.

In the theories of international economic integration, the entry of small business entities into foreign markets and the expansion of their international relations are interpreted through two main conceptual approaches. The Uppsala model of Johansson and Vahlne According to this classical model, enterprises carry out export activities gradually, first by accumulating sufficient experience and resources in the domestic market, and then by entering psychologically and geographically close markets [5]. This approach reflects the desire of small businesses to minimize risks in foreign markets in conditions of resource shortage and information asymmetry. Born Global Theory. In the context of the digital economy and global informatization, the above model is partially giving way to this modern concept. This theory scientifically substantiates the possibility of innovative small businesses targeting the global market from the day of their establishment and immediately exporting through modern digital platforms and global value chains, that is, expanding foreign economic relations from the very beginning [6].

Michael Porter, a prominent representative of the theory of economic development and competitiveness, in his work *The Competitiveness of Nations*, places the cluster approach in a central place in improving export mechanisms [10]. In his opinion, small businesses can effectively compete with large transnational corporations in foreign markets by uniting along geographical and industry lines and using common infrastructure, branding, and logistics capabilities. This model serves as a fundamental institutional mechanism for small businesses to reduce export costs by saving resources and reducing product costs. The issues of managing foreign economic activity and occupying market niches are also widely covered in the research of foreign scientists. A.Y. Yudanov associates the success of small businesses in exports with their exploratory, innovative, and patient narrow-scope specialized nature [11]. His approach shows that small businesses can ensure their sustainable competitive advantage in the global market by occupying narrow niches that large corporations have neglected and by differentiating products in accordance with customer demand. R.A. Fatkhutdinov prioritizes management quality, strategic marketing creativity, and continuous introduction of innovations into production as the basis of product competitiveness. I.M. Gerchikova identifies indirect export through intermediaries and export cooperation as the most optimal corporate path for small entities with limited resources in international business management [12]. This mechanism significantly reduces the financial, customs, and operational burden and risks of the enterprise in the foreign market. Local economists A.V. Vakhobov and Sh.Kh. Toshmatov emphasize the need to improve credit and guarantee systems, tax incentives, and institutional support of the state for small business entities in the formation of export-oriented production in the context of diversification of the Uzbek economy. Their research enriches the theoretical and practical foundations for ensuring the openness of financial resources for local exporters and the formation of national mechanisms for stimulating exports.

RESEARCH METHODOLOGY

A complex and mixed methodology was used to substantiate the ways of improving and optimizing the access of small business products to foreign markets. First of all, the existing experience in the economic literature and the existing standards in this regard were evaluated.

ANALYSIS AND DISCUSSION OF RESULTS

In the context of globalization of the market economy and deepening of the international division of labor, the foreign economic activity of small business entities is carried out in a highly competitive, information asymmetry and dynamically changing cross-border environment. Not being

limited to domestic market demand, diversifying financial flows and risks, and successfully integrating into the global value chain make increasing the international competitiveness of small business products and improving mechanisms for expanding foreign economic relations a strategic issue of today.

As a result of the conducted research and systematic analysis, it was found that the acceleration of foreign economic relations of small business entities and the effective organization of export activities should be based on the following priority conceptual mechanisms.

1. Mechanism for diversifying export activities. When entering foreign markets and forming export flows, expanding the product range and geographical areas is a fundamental condition for the economic stability of an enterprise. Empirical studies show that being tied to only one mono-market or limited partners increases the vulnerability of entities to external economic, currency and geopolitical risks. The mechanism for diversifying exports allows small businesses to develop alternative international markets, increase the assortment of product groups, and thereby ensure overall export profitability.

2. Digital export platforms and e-commerce mechanisms. In the conditions of modern digital transformation, traditional, multi-stage foreign trade channels are rapidly giving way to digital ecosystems. Organizing cross-border trade through international and regional B2B and B2C marketplaces such as Alibaba, Amazon and Uzum provides the following economic advantages for small businesses. It dramatically reduces transaction and operating costs. It forms a system for establishing direct contact with foreign consumers and customers. It allows working with large volumes of data for analyzing the foreign market. This digital mechanism is considered the most effective direction, especially for small businesses with limited logistics, opening foreign representative offices and international marketing resources at the initial stage.

3. Cluster and cooperative integration mechanism. Due to limited resources, it is difficult for small businesses operating separately to compete individually with large transnational corporations in the foreign market. Therefore, the unification of small and medium-sized enterprises into clusters according to geographical and industry characteristics or the formation of inter-sectoral export cooperation is a decisive institutional factor in increasing competitiveness.

Through this mechanism, small businesses. Reduce transportation costs by using common agrologistics centers and transport corridors. Facilitate the processes of product certification ISO, Global GAP, CE, etc. by jointly organizing international quality control laboratories. Optimize marketing costs by entering foreign markets under a single brand.[7]

The improvement of export mechanisms in small businesses is largely inextricably linked to the abandonment of traditional methods and the use of innovative management approaches, increasing flexibility to the technical and tariff-financial requirements of target markets, and the systematic use of incentive drivers provided by the state.

Table 1

Strategic principles for increasing the competitiveness of small business products and expanding foreign economic relations

| Principles | Scientific and Practical Essence of the Principles | Rationale / Justification | Strategic Goal to be Achieved |
|--------------------|--|---|--|
| Integration | Deeply embedding export activities into the day-to-day production and operational workflows of the enterprise. | Direct dependence of every production, technological, and managerial decision on international market requirements. | Achieving continuous compliance of product quality with international standards and technical regulations. |
| Continuity | Regular and systematic analysis of foreign market conditions, | High volatility of global market conditions, tariff/non-tariff | Maintaining a stable, long-term position in the foreign market and |

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| | rather than only when domestic sales decline. | regulations, and consumer demands. | preventing unexpected competitive "shocks." |
| Agility (Responsiveness) | Demonstrating flexibility and adapting swiftly to changes in the foreign market and global supply chain as soon as they are detected. | The short decision-making chain being the primary advantage of small businesses over large corporations. | Shifting to new sales channels or rapidly adapting the product to customer requirements without major financial losses. |
| Information Accuracy | Export managers and analysts relying exclusively on verified international marketing data. | Emphasis not on the volume of information, but on the precision and reliability of the target market segment analysis. | Selecting the most optimal foreign partner and concluding secure cross-border contracts based on solid facts |
| Simplification | Systematizing market entry documentation, customs clearance, and export logistics based on simple and clear procedures. | Natural complexity of foreign economic activities and the multi-functional nature of staff in small businesses. | Reducing institutional and administrative bureaucracy in the export chain, saving time and transaction costs. |
| Accountability Assignment | Fostering accountability among employees of every department for the export readiness of the product. | The team's corporate export culture and unity toward a common strategic goal. | Minimizing human-error-related operational mistakes in ensuring the quality of the export product. |
| Scenario Modeling | Developing alternative scenarios such as: "What do we do if the exchange rate changes drastically or the main logistics corridor closes?". | Continuous strategic readiness for unexpected barriers in foreign economic activity, geopolitical risks, and force majeure events. | Ensuring the continuity of export flows and the financial stability of the enterprise amid-st global crises and risks. |

The analysis of scientific literature and economic models shows that in small businesses, the correlation between the export potential of products and the innovative mechanisms supporting them is the main criterion for making strategic decisions. The system of improving the mechanisms for introducing small business products to foreign markets requires a multi-factor assessment of the expected foreign exchange earnings, forecasting cross-border logistics costs, and choosing the most optimal and safe trade channel based on a cost-effectiveness analysis. As Joseph Schumpeter inextricably linked the phenomenon of entrepreneurship with the process of innovation and creative destruction, for small business entities entering foreign economic activity is not only the sale of finished products abroad, but also an innovative driver for achieving high economic efficiency, management transformation, and technological modernization of production through the development of new international markets. Strategic adoption of export is a process of conscious adaptation of the entrepreneur to the requirements of international quality, environmental criteria, and global competition.[8]

In the theory of export activity, the choice of a strategy for entering foreign markets and expanding foreign economic relations is based on a number of fundamental rules. These rules are

closely related to the theories of international trade, the concept of expected profit, and the principles of maximum efficient use of resources in limited conditions.

The rule of maximum export profit. According to this rule, among the available alternative foreign markets and product sales channels, the option that provides the highest net foreign exchange earnings at an acceptable level of risk for the entrepreneur is selected. According to the theory of rational decision-making, a small business entity seeks to maximize its economic interests even in a highly uncertain and unstable external environment. For a small business, this rule means finding an economic balance point between a high-margin market and the correspondingly high risk. Maximum profit is optimized only within the framework of the existing financial and resource capabilities of the enterprise.[5]

The rule of optimal combination of profitability and export risks. This rule, based on the modern portfolio theory of Harry Markowitz, provides for diversification of risks by diversifying export markets and product types. A small business entity seeks to minimize logistics, customs and tariff-non-financial risks under the same profitability conditions, and maximize export volumes at the same risk level. In practice, this process is expressed through the method of marginal analysis. If the additional costs incurred for entering a new foreign market or developing a new trade channel, for example, a cross-border electronic platform, are less than the expected additional benefits, then expanding this export direction and mechanizing foreign economic relations are considered economically fully justified.

The rule of optimal probability of export results and scenario analysis. This rule is based on the theory of probability and Frank Knight's concept of Risk, Uncertainty and Benefit. According to this approach, a small business entity with limited resources selects the strategic decision that provides the highest integrated efficiency from among the options that have a high probability of successful product sales in the foreign market. In the context of a small business, this process is carried out through the scenario analysis method of strategic planning.

When creating an optimistic scenario, rapid penetration of foreign markets through innovative and digital mechanisms, high sales volumes, and short-term payback of investments are taken into account.

A pessimistic scenario usually involves devaluation of the national currency in the foreign market, increase in import duties, or geopolitical obstacles in cross-border logistics corridors.

A realistic scenario is based on realistic indicators and is based on an analysis of average growth rates, stable foreign exchange earnings, and a moderate competitive environment in the target market.

The entrepreneur assesses risks in advance through probabilistic analysis, sensitivity analysis, and financial and economic modeling mechanisms and forms the most optimal export strategy.

Table 2

Basic principles for improving export mechanisms

| № | Principles | Classification of principles |
|----------|---|---|
| 1 | Principle of Strategic Alignment | Export activities must align with the overall development goals of the business. If the company's goal is to reach a global brand level, then accepting international certification and branding costs is strategically correct. |
| 2 | Principle of Comprehensiveness | Processes in the export chain are interconnected. For example, a logistics problem impacts product quality and, consequently, foreign currency revenue. Therefore, export must be analyzed as a holistic system from product preparation to the foreign consumer. |
| 3 | Principle of Continuity | Entering foreign markets is not a one-time event. Since global market conditions, competitor pricing, and trade policies of foreign countries change constantly, the export strategy must be regularly updated. |

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| 4 | Principle of Economic Efficiency | The cost of entering a foreign market should not exceed the expected profit. For small businesses, entering markets that are excessively expensive and will not pay off in the long run is counterproductive. |
| 5 | Principle of Information Reliability | Export decisions must rely on precise foreign market analysis, the legislation of the target country, and customs regulations. A market or partner selected based on incorrect statistical data will lead to financial losses for the enterprise. |
| 6 | Principle of Clarity of Accountability | A specific responsible employee must be assigned to each stage of the export chain. This increases the speed of decision-making when unexpected barriers arise. |

By applying these principles, small businesses correctly establish the Cost-Result balance in foreign economic activity. After all, behind any foreign market barriers, if the mechanisms are correctly formed, opportunities are hidden that open up new development horizons for the enterprise.

Refusal from export activities A passive approach is the refusal to participate in international trade due to the complexities associated with the foreign market. Such a decision is usually made when it is not possible to comply with the above principles.

When the costs of entering the foreign market are significantly higher than the expected benefits of certification, logistics, the enterprise's production capacity is insufficient to fulfill international contracts, the level of uncertainty in the external environment is too high, political or economic sanctions.

Specific features and challenges of small business exports. In recent years, small business has emerged as an important structural element in increasing the export potential of the national economy. This sector plays a special role in the processes of bringing local products to the world market, developing a class of entrepreneurs adapted to the global competitive environment, and increasing foreign exchange earnings. At the same time, the export activities of small businesses are not exempt from various risks. The bankruptcy rate of small businesses in foreign markets is relatively high, and in many cases, enterprises cease export activities within the first two years due to their unpreparedness for international standards or complexities in the logistics chain. This further increases the need to improve export mechanisms on a systematic and scientific basis.

CONCLUSION

The foreign economic activity of small businesses is carried out in conditions of high information asymmetry, macroeconomic uncertainty and global market risks. Especially for export-oriented enterprises, it is of strategic importance to constantly increase the competitiveness of products, identify external market barriers in advance, introduce international quality standards and form modern logistics chains. Practical experience shows that ignoring external market requirements or insufficiently assessing export risks can lead to serious financial losses, weakening international prestige and complete cessation of export activities. Therefore, the mechanisms for exporting small business products to foreign markets should be improved based on a comprehensive and systematic approach. The system of export management and expansion of external relations in small businesses is a multi-stage and complex institutional process, which includes international standardization, customs-tariff and non-financial regulation, operational logistics and digital marketing mechanisms. The use of financial and non-financial support for export activities by the state and insurance mechanisms is one of the central elements of this ecosystem. The scientific approach shows that a preliminary assessment of the external market situation, the transfer of logistics risks and constant monitoring of digital trade channels ensure the financial stability of small businesses and sustainable growth rates of export volumes. Therefore, the export strategy should be considered as an integral part of the overall business plan of the enterprise. An improved system of export mechanisms serves as the most important institutional factor for systematically increasing the global competitiveness of

small business products and expanding international relations in an open economy.

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