

# Benchmarking Strategies for Increasing the Competitiveness of The Automotive Industry

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**Abstract:** This article analyzes the experience of using benchmarking to increase the competitiveness of enterprises in the automotive industry, the implementation of benchmarking projects by the largest automotive corporations in the world. Benchmarking, seen as a competitive analysis tool, will take the company to the next level. The use of other achievements will allow you to master successful experience in optimizing your business processes, will allow you to learn from other people's mistakes.

**Keywords:** Benchmarking, automotive industry, competitiveness, international marketing, corporation.

## 1. INTRODUCTION

In Uzbekistan, the development and development of new business management tools continues, that is, the quality of business processes and the competitiveness of organizations on the market are being improved.

The effective use of marketing strategies at automotive enterprises is important in the implementation of tasks to increase the industrial potential of Uzbekistan. This issue is defined in the Action Strategy for the Development of the Republic of Uzbekistan for 2017-2021 as one of the most important tasks of "further modernization and diversification of the industry by transferring finished products with high added value to a qualitatively new level based on deep processing of high-tech manufacturing industries, primarily domestic raw materials" [1]. Effective implementation of these tasks will require the development and improvement of a benchmarking strategy at the enterprises of the automotive industry in Uzbekistan.

In total, 91.7 million cars were produced in the world in 2019, of which 67.1% were cars. Of these, Uzbekistan produced 27,113 units of passenger cars in 2019 [14].

Currently, most of the expenses of automotive industry enterprises at the world level are carried out in a wide range of research activities aimed at organizing high-tech and research-roomy industries, developing marketing strategies for international markets, implementing marketing strategies in the industry, ensuring investment potential and competitiveness.

The criteria for assessing marketing efficiency at automotive industry enterprises, their formation processes, marketing surveys related to measuring the quality of nutrition, the behavior of consumers with a dominant force in the market are effectively implemented by international research institutes and associations, the results of which are implemented in practice.

Benchmarking is an effective tool for managing innovative development in large foreign companies. The essence of Benchmarking is to compare the activities of your enterprise with the activities of competitors and best organizations, and then apply their successful experience.

The purpose of the study is to develop science-based proposals and practical recommendations to increase the competitiveness of enterprises in the automotive industry. The globalization of economic processes and the development of the automotive industry market are manifested in a change in the level of competition in world and national markets. As a result, countries where production volumes and quality indicators of products do not comply with modern technological regulation are included in the group with a low level of consumption, a high risk of excess production of their products, as a result of which production is reduced and then de-industrialized. A number of countries oppose these trends with crisis management, using various trends, methods, means of management, unique technologies, including highly profitable innovative types of production that correspond to modern technological regulation. The purpose of the study is to increase the competitiveness of the automotive industry by the author, to explain the problems and prospects for the development of business processes based on benchmarking.

## 2. LITERATURE ANALYSIS

Among the scientific literatures devoted to the study of economic content, the essence of benchmarking, along with chorus scientists, Russian scientists-economists Matveeva O.P., Patrova V.V., Pyatova ML, Prokusheva E.F., Selpovsky V.L., Strovsky LE, Ul Yanova N.V., Shalashova NT, Sheremeteva AD, Yushkova SD, Bakanov MI, Bakhramov Yu. M., Glukhov V.V., Grigorieva YA, Zalomina NA, Kulinina G.V., Leonteeva Kabilar J.G. achieved significant scientific research [4]. Scientists came to a deep analysis of the quality of products F. Kotler, V. Perry, I. Rubin, J. Seddon, A. Feigenbaum, M. Hammer, T. Horton cabalarir [10]. Issues of forming a marketing strategy at industrial enterprises of the republic in the conditions of modernization of the

economy A. Bekmurodov, G. Akhunova, M. Baltaboev, J. Zhalolov, I. Ivatov, D. Mukhiddinov, A. Soliev, A. Fattakhov, M. Yusupov, M.K. Aganov in scientific research Osimova, Sh. Ergashkhodzhaev, T.Akramova, etc. [7]

When organizing innovative marketing and analyzing practical aspects of competitiveness problems based on benchmarking in organizations of the automotive industry and the aviation industry, S. Zaitsev, S. Ilyin, A. Ipatov, N. Kazakov, A. Karunin, A. Kiselev, V. Matveev, S. Nikolaev, M. Ovsyannikov, V. Petukhov, E. Rebrov, E. Fadeev, H. Fashiev, A. Shukletsov, R. Books of such scientists as Yambaeva have been published [2].

Philip Kotler explains benchmarking "the process of comparing the company's products and processes with competitors or leading firms in other areas in order to find ways to improve operational efficiency" [6]

The head of GBN (Global Benchmarking Network) and the founder of the methodology, Robert Camp, believes that benchmarking is an ongoing process of studying and evaluating the products, services and production experience of companies, the most serious competitors or well-known leaders in their field. In turn, Allied Signal Chief Executive Officer Lawrence Bossidy says that benchmarking analysis of specific equipment means obtaining loans obtained from the analysis of the experience of other companies and using best practices in his company [8].

B. A Andersen, looking at benchmarking as a comparison with constant business measurement and a leading data collection organization, says this will help the company in question to determine the purpose of its improvement and take measures to improve its operations [9].

From our point of view, benchmarking is a constant process of searching, studying, comparing, analyzing and evaluating various indicators (including goods and services) in order to optimize business processes, as well as to introduce the experience of competitors (divisions of our company) or industry leaders.

### **3. METHODOLOGY**

The research methodology is to search for and conduct comparative analysis of competitors. Methods of application of internal, strategic and competitive benchmarking, use of SWOT analysis, analysis of import operations were also used.

### **4. ANALYSIS AND RESULTS**

A common approach in which competitive benchmarking is used is to purchase competitors' products for detailed engineering analysis of products, services and processes. It is impossible to create competitive global products, especially in a competitive automotive market. In practice, most of the largest foreign automakers divide the cars produced by competitors into parts and carefully analyze the design, compare the design of assembly methods, quality and components with details. Packaging, applicable manuals, instructions, terms of services, guarantees, deliveries, etc. Carefully studied, provide valuable information about the advantages, disadvantages of competitors' products and the effectiveness of their work. Practice shows that benchmarking is used by large companies interacting with world standards and foreign partners leading in the world market. The largest corporations, including the automotive industry, are directing their efforts to find and develop new management methods in search of competitive advantages. These studies are of a global nature, the most successful solutions are certain areas of management, for which a theoretical and methodological base is created [6].

An example of new advances in the automotive industry using benchmarking is Ford's introduction of a vehicle assembly line. Until 1913, the machines at the Ford factory were assembled by workers, and in 1913 the first mobile conveyor appeared. The conveyor principle was first used in the middle of the 19th century in production processes at Chicago cash desks. Henry Ford, having seen the conveyor traction in the Chicago cassette, included the principle of the conveyor in his car assembly line [3].

Thanks to this, the Henry Ford plant became the leader in the automotive industry in the early twentieth century.

General Motors conducted a benchmarking study to improve quality and reliability management from 1982 to 1984. Participants in the study included Hewlett-Packard, 3M, John Deere and other leading global companies.

Based on benchmarking, General Motors managers were able to comprehensively analyze and evaluate the quality management systems of the companies participating in the project. This allowed us to determine how the overall operations of the enterprise are related to effective performance management. It should be noted that a report on research conducted by General Motors and its partners was published in 1984, as well as similar research results supporting the criteria for the Malcolm Baldrige National Quality Award (USA) and ISO 9000 series standards, were officially published only at the end of 1988.

After conducting a benchmarking study, you can get answers to the following questions: how much the consumption of raw materials per unit of industrial products under study is worse or better compared to global

competitors, other industrial enterprises, how much electricity is spent on the production unit of the enterprise, how much the enterprise costs compared to leaders and them.

During the years of independence, the Uzavtosanoat Joint Stock Company, created on the initiative and under the leadership of President of the Republic of Uzbekistan Islam Karimov, has become a symbol of the creative potential of our economy. The early harmonization strategy, based on establishing equal and mutually beneficial relations with influential companies, is aimed at producing competitive products at the level of world standards.

Currently, the industry has more than 26 industry enterprises and organizations united within the framework of the Uzavtosanoat Joint-Stock Company and having directly more than 85 thousand jobs, partnerships have been established with more than 200 foreign enterprises. 100% of the shares of Uzavtosanoat JSC are owned by the State Committee of the Republic of Uzbekistan for Privatization, Monopolization and Development of Competition, whose activities are controlled by the Cabinet of Ministers of the Republic of Uzbekistan [12].

Currently, in Uzbekistan, the automotive industry is a concept above the concept of the main production sector. It's a success that the world has recognized and that we are proud of. It began with the construction of the first automobile plant in Central Asia in the Shah Asak of the Andijan region.

In 2004, the Uzavtosanoat Association was transformed into a joint-stock company in order to improve the efficiency of production management. Currently, it, along with dozens of large and medium-sized enterprises, unites companies created in conjunction with the capital of such foreign countries as the Republic of Korea, Italy, Germany, and the United States.

Among them are the enterprise and the automotive industry itself, and the manufacturer of mass consumption products. Another factor in the efficiency of the industry is that the organizational structure of Uzavtosanoat JSC is created clearly and distributed among the following industries:

The main production companies are GM Uzbekistan JSC, SamAvto LLC, JV MAN Auto-Uzbekistan LLC, GM Powertrain Uzbekistan LLC;

Suppliers of complete parts - goods that replace imported goods for localization enterprises, industries;

Companies engaged in sales and service services, as well as a leasing company.

Modernization program for the development of investment projects in Uzavtosanoat JSC until 2014 together with technical and technological production, projects for the creation of the Navoi Free Industrial and Economic Zone, the development of the Kokand industrial potential, the localization of automotive components produced in Namangan and Ferghana, foreign investments Monitoring of the creation of the JV MAN Auto-Uzbekistan enterprise. " All these works will be carried out in accordance with the decisions of the President and the Cabinet of Ministers of the Republic of Uzbekistan

Currently, the Uzbek auto industry is a dynamically developing industry in the country's economy, for example, in terms of export potential, Uzbekistan plays a large role in the country's foreign economy [13].

Table 1: Information on the start of production of the main types of products of large industrial enterprises of Uzavtosanoat JSC (2017-2020) [14]

Product Name	Unit of measure	2017	2018	2019	2020
Cars	bottom	140 247	220 667	271 113	168 712
ISUZU BUSES	bottom	1 007	904	1 464	472
ISUZU trucks	bottom	2 593	2 466	2 727	1 142
Pickups (D-Max)	bottom	-	-	32	176
MAN trucks, SINOTRUCK	bottom	1 150	1 170	1 203	470
MAN buses	bottom	50	45	70	-
Batteries	A Thousand Pieces	680,2	732,4	801,9	411,4
Power units	A Thousand Pieces	91,6	158,8	200,6	137,2

The number of passenger cars in the production of the main types of products of the enterprises of Uzavtosanoat JSC by 2020 increased to 168,712 units, which is 1.2 times more than in 2017. By 2020, the number of trucks had increased to 1,612 and buses to 472 (Table 1).

With regard to the results of the SWOT analysis of GM Uzbekistan, it is (Table 2).

Table 2: GM Uzbekistan SWOT Analysis [14]

<b>S - Strengths</b>	<b>W - weaknesses</b>
the only and monopoly in the country; Brand awareness; Years of experience; Presence of dealer and distribution networks; The possibility of issuing cars on credit; Differentiation of vehicles and their spare parts;	Non-competitive ability of produced cars; High prices in the domestic market; Decrease in export balance; Wide development of the secondary car market; High level of disability of the dealer service;
<b>O - Opportunities</b>	<b>T- Threats</b>
Further expansion of production; Further development of partnerships; Increasing localization capabilities due to the development of auto industry networks; Expanding the range of cars	Competitive environment in the foreign market; Reduced demand for the company's products in the foreign market; Entry of new companies into the country

In 2019, UzAuto Motors set a record for the number of cars produced and increased their volume to 271 thousand, which is 30 percent more than in 2018. As expected, the most popular vehicle among all models was the NEXIA 2019 model, which produces more than 23% of thousand vehicles in 73 (1 image).

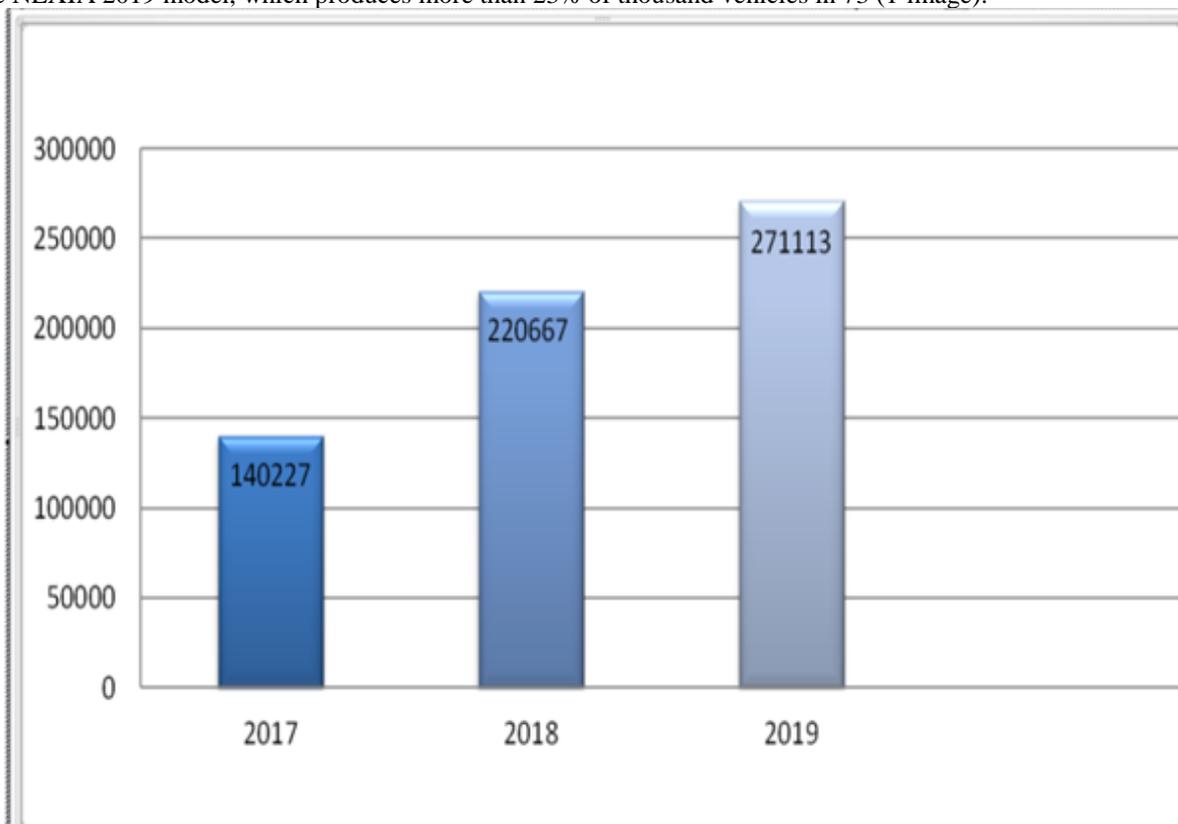


Image 1. Passenger car production growth by 30% [15]

According to the export program, 2019 has also become effective - the volume of exports of domestic automotive products increased 1.3 times compared to 2018. In particular, exported products are automotive components, cars and trucks, buses and special equipment. This was the result of ongoing work to restore the supply of passenger cars to the export markets of Russia, Kazakhstan, Ukraine, Tajikistan, Belarus, Afghanistan, Azerbaijan and other countries.

It should be noted an increase in the supply of the following components of cars: headlights (UzChassis KK), stamped welded parts (UzSengvu KK), storage batteries (JSC DAZ), parts of the heating and ventilation system (US) of JSC "AyaKlimatkontrol"), noise insulation (GC "Uz Khanwu"), plastic parts (LLC "UzKoram") on the conveyor belt of Russian automakers (PJSC "AvtoVAZ," PJSC "GAZ," "Kamaz," "Pejo-CC") itroen) [12].

One of the main events for the automotive industry of Uzbekistan in 2018 was the decree of the President - 4397-sonli decree of the President of our country "On additional measures for the accelerated development of

the automotive industry of the Republic of Uzbekistan." Thanks to this decision of the Government, since October 2019, the republic has introduced a system for replacing used cars with new ones with a Trade-In surcharge. The result was the opening of a new service and shopping center UzAuto Motors Service & Trade-In Center. The main feature of the Center is the ability to replace an outdated car with a new one for an additional fee through the Trade-In system. By placing multiple dealers on a single marketplace, this center provides buyers with a wide choice for selling and purchasing legacy vehicles, a complete service center with all the amenities.

2018 was especially distinguished by the release of new products in the domestic automotive market. In August, UzAuto Motors began selling an updated Malibu model. In November 2019, the Samarkand Automobile Plant introduced the first ISUZU D-Max pickup truck manufactured in Uzbekistan. The machine is presented in three versions, which received color names of the oriental species: Irbis, Sugar and Oxus [14].

At the end of 2019, UzAuto Motors introduced four new Chevrolet crossovers - Tahoe, Traverse, Trailblazer and Equinox, which, thanks to modern technology and new design, exceeded the highest requirements for business-class cars.

It should be noted that to create competitive automotive products, state support for automotive manufacturers is required. The task of state regulation is to form and develop a national state program for the competitive development of the automotive industry, an effective innovative state policy that includes support for the spread of benchmarking.

## **5. CONCLUSIONS AND SUGGESTIONS**

An accelerated transition to a new stage in the development of the auto industry requires a large-scale market exploration. To do this, it is proposed to create a national automotive alliance based on benchmarking, whose activities are aimed at creating a common information platform for automakers, which will facilitate the exchange of data between partners, their analysis, providing enterprises with information based on world standards and ways to solve possible problems, as well as identify important areas and opportunities for development.

Benchmarking is a necessary tool for increasing the competitiveness of enterprises in the 21st century. Studies show that a strategic program to expand the benchmarking methodology in Uzbekistan, as well as the creation of a national car dealership with state support, is needed to reach a sustainable competitive level for national automobile manufacturers.

To improve the efficiency of management, it is necessary to carry out on the basis of interaction with structural units and industries of the enterprise:

- Coordination of work on the development of pricing policy at industry enterprises in order to form optimal pricing and cost of products;
- Activation of regular marketing research (together with the Company's marketing services), identification of new trends and changes in the situation in the domestic and foreign markets, as well as preparation of proposals and recommendations on the production plan for the volume and range of products (services);
- Introduction of modern information and communication technologies;
- organization of seminars and training courses for economic service specialists;
- implementation of targeted projects aimed at meeting the needs of consumers taking into account the growth of demand for cars in the domestic market, taking into account the minimum production volume for each product;
- Study and analysis of the range of rational use of raw materials, materials and processing costs in order to optimize unit costs;
- the competitiveness of the enterprise, firstly, the superiority of the enterprise's products in terms of characteristics is greater than that of other competitors; secondly, the company is based on the realization of specific competitive advantages that allow selling its products on the market on the most favorable terms for it. The competitiveness of products is necessary for the competitiveness of the enterprise;
- By developing marketing strategies for market research and using marketing strategies to bring new products to market, it will be possible to improve the marketing system of the enterprise and increase the volume of products launched on the market.

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