



## ISSUES OF MAKING BUSINESS DECISIONS BASED ON THE MARKETING APPROACH OF BUSINESS ENTITIES

Bakhtiyor Bobokhudjaev\*

*Ph.D, Vice Rector of Tashkent Textile and Light Industry Institute, Tashkent, Republic of Uzbekistan*

### Abstract

In this present research paper, we have studied the issues of making business decisions based on the marketing approach of business entities. Decisions made by businesses on where to locate or relocate are typically given less consideration in integrated transport and land use modelling systems than residential location, every company should make strategic decisions based on the marketing approach of business entities.

**Key words:** Production, Decisions, Textiles, Light industry, Marketing, Assortment, Prices and Business.

### 1. Introduction

Depending on the long-term goals and strategies of the business entity engaged in the production and sale of garments and knitwear, the principles of creating an organizational scheme of the business entity may differ significantly from others (Chao *et al.*, 2016). First of all, it is necessary to specify the structures in which the marketing department is not a separate independent department and operates only in the form of a set of tasks performed by individual employees of the business entity.

First of all, such a scheme emphasis can be placed only on business entities that provide production. In this organizational structure, production plays a key role and is focused on producing the maximum possible functional load. Other organizational units of the organization play the role of supporting and assisting the production process.

Although these departments are on a par with the production department in the organizational hierarchy of the business entity, they primarily perform ancillary functions (Ar *et al.*, 2020).

Typically, in such organizational structures, the main goal is to maximize the capture of the target markets and to diversify production as much as possible. At the same time, the management of the business entity takes measures to make changes in the types of products only when it is clear that the nature and taste of consumers have changed. The advantages of such organizations are:

- Clear and strict division of duties and powers between organizational departments.
- A wide range of products due to the high degree of diversification of production.
- High level of professionalism of the staff of the technology department
- High technical and technological potential of the business entity
- High level of competitiveness of the business entity in production.

\*Corresponding author: Bakhtiyor Bobokhudjaev

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## 2. Analysis and Results

In the second type of organizational structures, the emphasis is on the sale of the product (Figure - 1). In the organization of production with an emphasis on product sales, there will be a number of changes in the distribution of responsibilities, including the transfer of all functions related to advertising to the sales department (Chao *et al.*, 2016). In such an organizational structure, the workload of the production department is relatively less and the emphasis is on selling the product being produced.

The main purpose of business entities in such an organizational structure is to maximize

profits by accelerating the sales activities of business entities. Of course, in such an organization of production, it is difficult to meet the needs of its consumers only from the point of view of the need to ensure the maximum possible turnover. At the same time, different departments of the business entity do not actively interact with each other (only if necessary). As a major change in the organizational structure of this type of business entity, the sales department can be equated with the production department in terms of functions, and the emphasis is on sales rather than production. The business entity will have certain tools to influence the end consumer, but their use will be sporadic or limited and will often be one-time (Colak *et al.*, 2020).

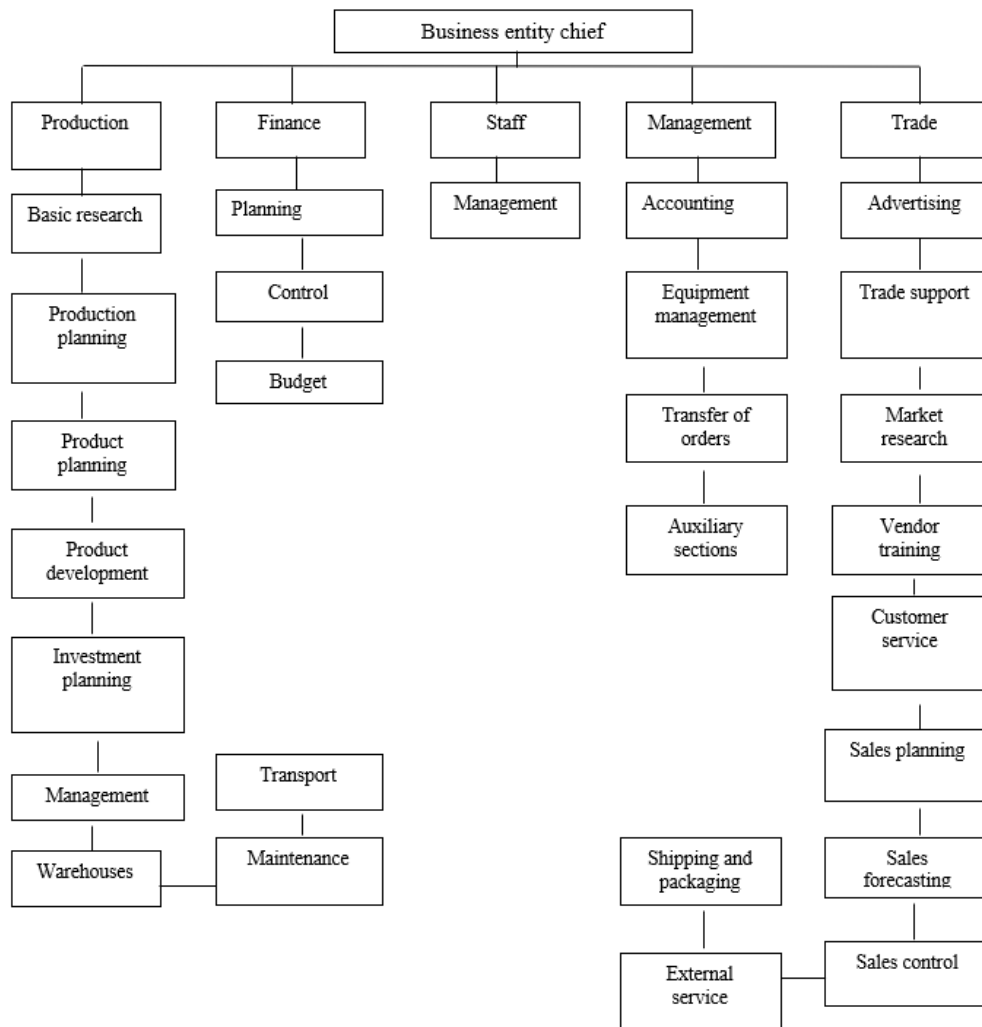


Figure – 1: Organizational structure of a business entity engaged in the production and sale of garments and knitwear with emphasis on sales(Author's development)



The main tools used by the sales department in the implementation of sales policy are aggressive advertising activities and price regulation of finished product sales. Price regulation refers to the division of the market segments under consideration into levels and the setting of different price levels for each level. Typically, a business entity with such an organizational structure will have limited potential to influence the target market, and this impact will be achieved only through an aggressive advertising campaign aimed at expanding the target market, increasing sales and increasing profits. In the production of such business entities, as in the business entities of the previous organizational structure, a strong

diversification of production can be seen. The quality of the product produced usually remains above average, and therefore the competitiveness of the product also remains much higher. So, the organization of sales-oriented production can be characterized by the following main aspects:

- Equal attention to production and sales
- Highly qualified staff of production and sales departments, aggressive advertising and pricing policy
- Significant diversification of production
- Weak communication between the organizational units of the business entity.

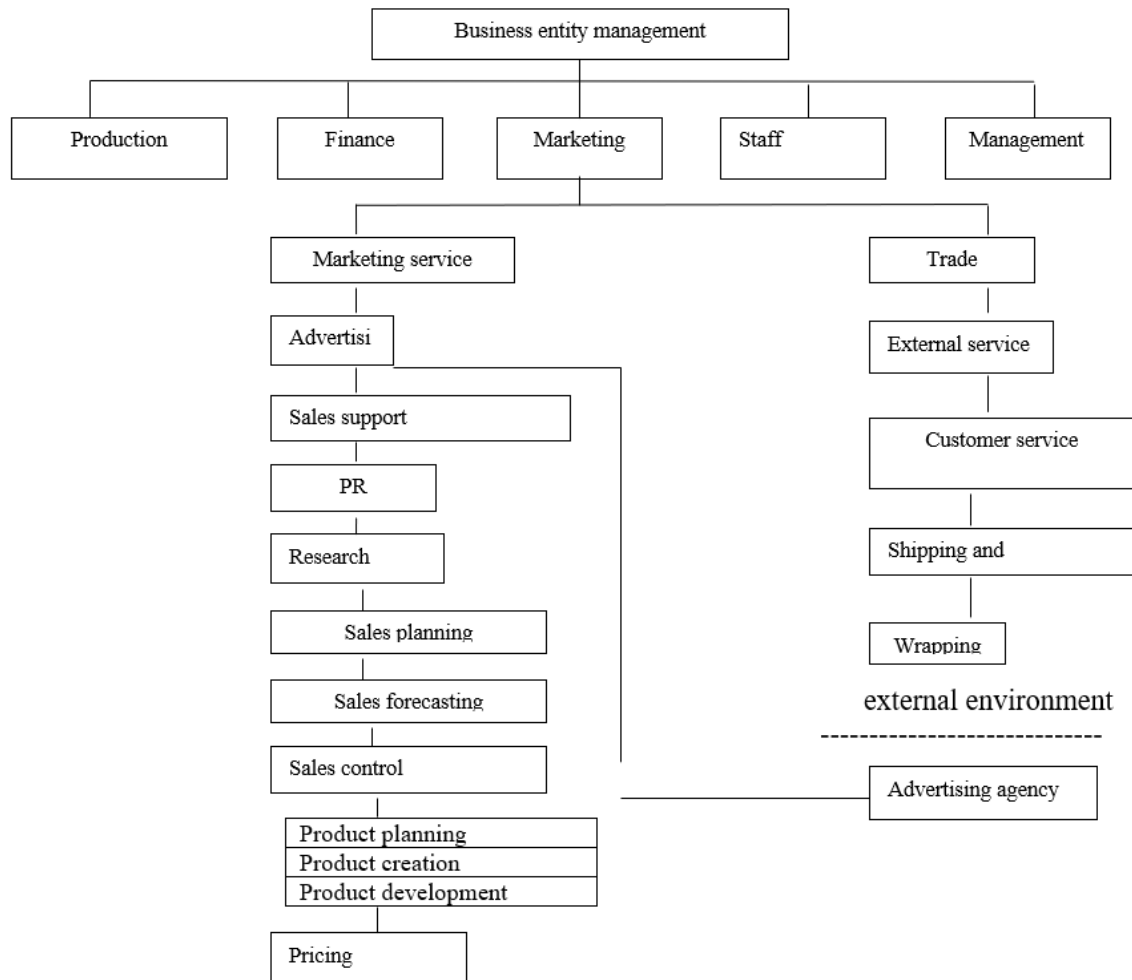


Figure – 2: Organizational structure of a business entity engaged in the production and sale of garments and knitwear with emphasis on marketing (Author's development)



The organizational structure of a business entity that produces and sells the third type of garments and knitwear will have its own marketing department. The main difference of this type of organizational structure from the previous two is that all the functions related to marketing are concentrated in one place and they can be used more efficiently and professionally. Building an organizational structure, from the point of view of the overall management of the organization, this type is more professional than the above two. It provides a clear division between the divisions of the business entity, the functions, responsibilities and duties of the divisions are clearly defined (Kimelberg and Williams, 2013). From the point of view of integrated marketing, the presence of a marketing department in a business entity is generally a positive condition for the application of all marketing tools, integration of marketing with business entity management structures and transition to the concept of business marketing. In the example of this system of business organization, we can see, to some extent, partial marketing integration, that is, we see a situation where marketing is no less important than other divisions of the business entity. Today, this state of integration is observed more and more in small and medium-sized businesses and investment goods. The advantages of business entities with such an organizational structure are:

- The management of the individual structural units that make up the organization will become more orderly and transparent, ie management efficiency will increase

- Clear definition of the functions of the departments, as well as regular communication between them
- Existence of a certain structure within the business entity responsible for the organization and processing of information within the firm, which ensures that information reaches the department quickly, as well as the accuracy and accuracy of the information and the relevance of the information to the current situation
- More organized and high level of staff
- Minimal reduction of the number of cases of disagreement resulting from the division of rights and powers (Elgar *et al.*, 2019).

These are the characteristics of the system of organization of production with an emphasis on marketing (Figure - 3). The next step in building the organizational structure is to direct all aspects of the business entity to the marketing requirements of the sewing and knitting industry. In this case, marketing is considered as the main function of the business entity. This can be clearly seen in cases where other departments are subordinated to the marketing department or the marketing department is given the right to make recommendations to other departments (Figure - 3).

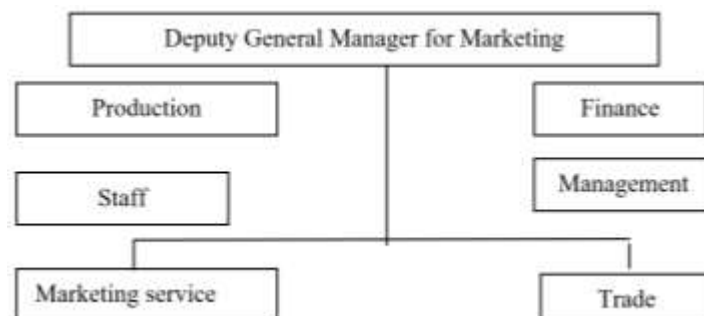


Figure - 3: Scheme of full integration of marketing services across the business entity (Author's development)



In many cases, such a concept is more effectively implemented when a person who thinks “marketing” comes to the management of the business entity. However, there is a possibility that the employees of the business entity and, more importantly, the heads of other departments of the business entity will oppose the implementation of this concept. Cases of such resistance arise for a number of reasons, below we will consider the main ones one by one (Herrera Viedma *et al.*, 2007).

- ✓ The desire of employees of departments of the business entity to keep the rights and obligations associated with their duties.
- ✓ Unwillingness of department heads to share their powers and rights with other departments
- ✓ Unwillingness of departments to share hard-earned information with others
- ✓ Reluctance of departments to disclose their plans, products and know-how
- ✓ When the free flow of information between departments is established, the employees of the business entity think that everything is equal and it is difficult to determine which department has relatively high quality information and which department has made reasonable and valuable proposals.
- ✓ As a result of the division of the business entity into levels according to the position of the departments, the heads of departments may think that there are problems with funding.

The reasons for the resistance shown by employees can be divided into three groups:

- The desire not to give up what he can and always does
- Employees accept the innovations brought by the management as the next, risky, and finally bad work.

In most cases, such cases of resistance can undermine the business entity and nullify all the efforts of management to develop the

business entity in modern market conditions, it is necessary to take a number of measures in advance to prevent such situations, including:

- Organize a general meeting of all department heads and senior management and explain why the management plans to make such innovations, how these innovations will affect the activities of each department, how the manager and staff will benefit from it.
- To organize similar meetings in each department with the participation of all employees of the department and representatives of the company's management, the purpose of which is the same as in the above-mentioned meetings, in which, first of all, to inform employees about what this news will give them and their business entity explain how their services are valued.
- It is necessary to create an information infrastructure within the business entity so that when difficulties and questions arise, each employee receives full information on the issue of interest.

In practice, most businesses are currently in the second stage of developing the integration of marketing instruments, and only a small number of businesses have moved to the third stage. We consider the implementation of all the basic ideas of integrated marketing in the form of the organizational structure of the business entity in the model of a medium-sized sewing and knitting business entity (Figure - 4). As can be seen from Figure 4, a marketing service with an information and coordination center plays a key role in the material and information supply of all departments of the business entity. The marketing service acts as a brain or processor in the work of the harmonious organizational structure of the business entity (Kimelberg and Williams, 2013).





- We will look at the vertical and horizontal directions of all the major types of communication used in a marketing service. General Manager. It is a position that carries both material and criminal liability. Therefore, this information should always be delivered to the person in a timely manner. But, let's imagine that the CEO is currently discussing a topical issue of interest to his subordinates. Endless consultation meetings with various services and departments of the business entity do not allow the business entity to engage in the development of future development

strategies. At the same time, the CEO is really obliged to communicate regularly with the external environment, to demonstrate the image of his business entity at various exhibitions, presentations and municipal events. In our view, the marketing service should bear part of the heavy burden on the CEO, provided that he is given that authority. The daily information received from all departments and services of the business entity should be concise and concise and should be on the CEO's desk every morning until eleven o'clock



Figure – 4: Organizational structure of the business entity (author's development)

In our view, it is also advisable for a business entity to communicate with all departments and services in the production flow through the marketing department, with the exception of the production director and the chief accountant. In this case, the vertical communication goes through the head of the marketing service. The strategic tasks assigned to the marketing department by the CEO are:

- Budget of the business entity
- Assortment policy
- Sales policy
- Innovation policy
- Communication policy

Chief Accountant. A secondary position in terms of importance and responsibility. Therefore, it has almost equal authority and right to receive information from the CEO. In this case, the marketing service, if it is given certain powers by the CEO, may perform the following: financial control over the implementation of the annual budget of the business entity

- Making proposals on pricing policy
- Control over the confidentiality of internal financial indicators
- Advising on tax optimization

Production Director. Previously, this position was called chief engineer in many business entities. Areas of activity of the director of production include the provision of various



energy carriers, the activities of the business entity, the provision of production with technology, labor protection and environmental safety, sanitary and epidemiological measures. Interaction with the marketing department can be carried out in the following areas:

- Assortment policy
- Innovation policy (introduction of new equipment, modernization of technical processes)
- Communication policy

Department of Modeling and Technology. On behalf of the department, it is possible to draw conclusions about what are the main functions it performs in the business entity. Development and introduction of a range of new products, control over compliance with technical standards, standardization of materials. The marketing department can monitor the process of creating a range of new product types and, from time to time, make adjustments based on consumer requirements studied from the external market environment (analysis of competitors' work, surveys of regular customers). Monitoring the rate of consumption of materials, protection of intellectual property of the firm.

Warehouse of basic and auxiliary materials. Supply, like sales, has always been a major problem for businesses. Exceeding the norms, re-sorting the materials and then writing them off is a typical scheme of theft committed by a business entity. In our opinion, warehouse work should be fully subordinated to the marketing department. This allows full control over the receipt, processing and release of materials for production in accordance with consumption norms.

Finished goods warehouse. It is directly subordinated to the marketing service, the reason for which can be explained by the fact that sales work is performed by the marketing department. Above, we have considered various cases in which the marketing service has control over the sales of a business entity. As a result, it can be concluded that the need for a separate sales service has disappeared. Market research is

more beneficial to the business entity than to the sales specialist of the sales department, an analyst who is engaged in the development of the firm's strategy of behavior in the external market environment. Technical support under the supervision may be provided by the accounting department together with the head of the finished goods warehouse. In practice, it has been observed many times that one employee in the sales department does all the work, and the rest of the traders are given the role of statisticians. This is mainly due to the fact that many large businesses have shifted to the remuneration of employees of the sales department.

We envision the specialists who are part of the marketing department staff as employees from different departments of the business entity. By conducting a survey and then selecting on a competitive basis, it is possible to identify qualified and active specialists in various areas, including in the following areas: technological and design direction; supply; sales; financial and credit relations; communication policy. As a result, by combining them into a focus group, the department director, acting as a moderator, leads any of the issues discussed by the marketing department above to discuss in a structured focus group. Participants in the survey have the right to express their views on the issue under consideration, even if he or she has not previously been an expert on the issue under consideration. As a result, a number of different views are expressed on the issue under consideration, and ultimately, a non-standard and perhaps completely innovative solution can be reached on the issue raised by the moderator. Also, as a result of the work of this group, the business entity will be able to solve various non-standard issues, have professionals with a broad management outlook.

Among the types of organizational structures considered, we did not include the planning and economics section. We have not included this section in order to avoid duplication of functions performed by the business entity by several departments and unnecessary internal competition. As a means of



stimulating the work of the marketing department, it is possible to establish awards for semi-annual or quarterly sales that are successful. As a control, it is possible to establish an annual certification of employees, assessing the work done in the past. The employment contract with the employee is concluded for one year, and if the employee successfully passes the certification, the contract is extended.

### 3. Conclusions

- Within the framework of marketing-based approaches, it is the consumer who ultimately determines all the alternatives of the strategy. The customer has their own preferences in terms of the availability of choice (width and depth of the range), the appropriate size, quality, and the exclusivity of the product, its availability and cost. The dissertation substantiates the main aspects of creating an assortment product plan in business activities.
- We can see the importance of product category management in business activities in the analysis of indicators announced by the ICO. ISO (2001) shows that 75% of decisions about brands are made by consumers and / or buyers in front of the counter, often within 3-5 seconds. Therefore, it is necessary to manage the supply of commodity categories in order to maximize profits and sales.
- The content of functional processes of entrepreneurial activity is carried out by interpreting the components that make them up and are classified according to their participation in the movement of goods and profit. We also proposed to classify functional components according to marketing factors.
- The advantages of the organizational structure of business entities with an emphasis on marketing are:
  - ✓ The management of the individual structural units that make up the organization will

become more orderly and transparent, ie management efficiency will increase.

- ✓ Clear definition of the functions of the departments, as well as regular communication between them.
- ✓ Existence of a certain structure within the business entity responsible for the organization and processing of information within the firm, which ensures that information reaches the department quickly, as well as the accuracy and accuracy of the information and the relevance of the information to the current situation.
- ✓ More organized and high level of staff
- ✓ Minimal reduction of the number of cases of disagreement resulting from the division of rights and powers.

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