

ANALYSIS OF FACTORS AFFECTING THE SUSTAINABLE DEVELOPMENT OF THE ENTERPRISE

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Introduction. Ensuring stable development of activity in conditions of market competition is one of the main problems of enterprises. The need to determine the sustainability of the development of the enterprise is connected not only with the needs of the enterprise itself, but also with the needs of its future partners. Here, the reliability of the client and his financial condition play a major role.

Therefore, a financially sound enterprise has a great advantage over its competitors, that is, it has an advantage in obtaining borrowed funds, attracting investments, selecting qualified personnel or choosing suppliers.

The essence of assessing financial stability is to assess the security of reserves and expenses by sources of formation. The degree of financial stability is the cause of a certain degree of solvency of the organization. The most common indicator of financial stability is the surplus or deficiency of sources of reserves and expenses.

Assessment of financial stability allows you to determine the financial capabilities of the enterprise for the long term.

Increasing its financial stability is an important task facing enterprises, since it acts as a criterion for the reliability of the enterprise as a commercial partner. Based on the analysis of financial stability, it is possible to assess the ability of an enterprise to conduct financial and economic activities without interruption.

Financial stability is a stable excess of income over expenses, which allows the company to freely maneuver its cash resources. This is a state of financial resources in which the development of the company is ensured due to the increase in profit and capital, maintaining solvency and creditworthiness, which allows for a minimum level of risk. Therefore, financial stability is quite important and is formed at all stages of production and economic activity [5].

The higher the stability of the enterprise, the more independent it is from external factors of the market situation and, as a result, the lower the risk of bankruptcy.

Overview of the latest sources of research and publications. In modern conditions, the successful operation of an organization depends on the influence of the external environment. No organization can operate in isolation, regardless of the external environment. An organization can exist as an open system only in relation to the external environment. The external environment is the factors that are outside the organization and contribute to the functioning, survival and growth of the organization by skillfully using them.

Strategy development logically begins with an external analysis, an analysis of factors that are outside the sphere of constant control of the company's management and can affect its strategy.

The main elements of strategic management include the following [4]:

1) Potential. The organization's capabilities are the sum of all its product and service capabilities and include both internal variables and corporate governance capabilities – management capabilities.

2) Competitiveness. Competitiveness is the ability of an enterprise to resist other enterprises, to successfully compete with them for the markets of goods and services.

3) Strategies that are interconnected within the organization. Strategy is a set of decision-making rules that guide the organization in its activities.

There are four groups of such rules:

1) The rules used to evaluate the performance of the results now and in the future. The qualitative side of the evaluation criteria is called the benchmark, and the quantitative content is called the task.

2) The rules that determine the organization's relations with the external environment: what types of products and technologies it will develop; where and to whom to sell its products; how to achieve an advantage over competitors. This set of rules is called the product-market strategy or business strategy.

3) The rules by which relationships and procedures are established within the organization are called the organizational concept.

4) The rules by which the organization conducts its daily work are called the basic operating procedures.

The external environment (business environment) consists of two parts:

- macro environment;
- micro environment or direct environment.

The macro environment is a distant environment that indirectly affects the organization. This includes, for example, the state of the economy, scientific and technological progress, socio-cultural and political changes, natural phenomena, group interests, and events occurring in other countries that affect the organization. PEST analysis (sometimes called STEP) is a marketing tool designed to identify the political (Political), economic (Economic), social (Social) and technological (Technological) aspects of the external environment that affect a company's business. Politics is studied because it regulates power, which in turn determines the environment of the company and the acquisition of the main resources for its activities.

The main reason for studying the economy is to create a picture of the distribution of resources at the state level, which is the most important condition for the functioning of the enterprise. No less important consumer preferences are determined using the social component of PEST analysis. The last factor is the technological component.

The purpose of its study is often considered to be the identification of technological development trends, which are the causes of changes and market losses, as well as the emergence of new products. The microenvironment is the immediate environment of an industry or organization that has a direct (direct) influence or is directly affected by the main activities of the organization.

It includes all contact audiences, such as suppliers, customers, competitors, intermediaries, shareholders, creditors, unions and government agencies. Porter's "five forces" model is used to study.

In general, the analysis of the external environment is the first part of the work, it is called SWOT analysis. The main purpose of the analysis of the external environment is to identify and effectively use the opportunities and threats that currently exist and may arise for the enterprise in the development of the strategy. Opportunities are positive trends and events in the external environment that can be used to increase the future efficiency of the organization.

For example, tax reduction, increase in income of the population and enterprises, lowering interest rates, weakening the positions of competitors, development of integration, lowering customs barriers. Threats are negative trends and events in the external environment that can weaken its competitive position or lead to the complete destruction of the business in the absence of an appropriate response. Threats include, for example, a decrease in purchasing power: population opportunities, increased competition in the market, unfavorable demographic changes, tightening of state regulation, etc.

The final result of the analysis of the external environment is the formulation of alternative strategic decisions, their assessment and the final choice of a strategy aimed at using opportunities and protecting against threats from the external environment.

There are four main types of environments:

1. A changing environment characterized by rapid change. These can be technical innovations, economic changes (inflation changes), changes in legislation, innovations in the policies of competitors.

2. A hostile environment created by fierce competition, the struggle for consumers and markets. Such an environment is characteristic, for example, of the automotive industry in the USA, Western Europe and Japan.

3. A diverse environment is characteristic of global business. A typical example of global business is McDonald's, which operates in many countries and is therefore associated with service.

4. A technically complex environment. In such an environment, electronics, computer technology, telecommunications are developing, which require complex information and highly qualified service personnel.

Strategic management of enterprises in a technically complex environment should be focused on innovation, since in this case products quickly become obsolete.

In practice, various methods are used to respond to changes in environmental factors. The most common among them are the following approaches:

1. "Firefighting" or reactive management style. After the change, this management approach is still widespread in many Azerbaijani enterprises.

2. Expansion of areas of activity or diversification of production, capital as a means of possible reduction of commercial risk when environmental factors change.

3. Improvement of its organizational structure to increase the flexibility of management. In this case, the enterprise can create centers: profit, strategic business units and other flexible structures, result-oriented.

4. Strategic management.

The study of social elements of the external environment aims to understand the impact of social phenomena on business, such as people's attitude to work and living standards, mobility, activity, etc [7].

The overall score shows the degree of readiness of the enterprise, its response to current and projected environmental factors (Table 1).

Table 1

Key factors of PEST analysis

Political and legal factors: – political stability; – tax policy and legislation in this area; antitrust legislation; laws on the protection of the natural environment; regulation of employment of the population; legislation on foreign economic activity; trade unions and other influence groups (political, economic, etc.)	Socio-cultural factors: demographic structure of the population; lifestyle, customs and habits; mentality; social mobilization of the population; consumer activity
Economic factors: – gross national product; – phase of the business cycle; – exchange rate and interest rate; – amount of money in circulation; – inflation rate; – unemployment rate; – control over prices and wages; – prices of energy resources; – investment policy	Technological factors: – R&D costs; – from various sources; – protection of intellectual property; – state policy in the field of scientific and technological progress; – new products (rate of innovation, sources of ideas)

Note: The table was compiled by the author

Analysis of the external environment of the organization based on PEST analysis. Macroenvironmental conditions include many factors that are not directly related to the short-term activities of the enterprise and have the ability to influence the long-term strategic decisions of the enterprise. Strategic factors of the macroenvironment affect the development of the enterprise as follows [6]:

- the possibility of their implementation is high;
- the ability to influence the activities of the enterprise is high;

Changes in the macro environment affect the strategic position of the enterprise in the market by affecting the components of the micro environment. Therefore, the purpose of the analysis of the macro environment is to monitor and analyze trends and processes beyond the control of the enterprise that may affect its capabilities.

PEST-analysis is named after the first letters of the English words political-legal (political and legal), economic (economic), socio-cultural (social-cultural), technological (technological factors).

There are four groups of factors that are most important for the strategy of the enterprise [7]:

- political and legal;
- economic;

- socio-cultural;
- technological.

The main purpose of the PEST analysis (Table 2) is to monitor changes in the macro environment in four main areas and identify trends, events and processes that are not under the control of the enterprise, but can affect the results.

Economic analysis of the external environment allows you to determine how funds are formed and distributed at the state level, which is the most important condition for all enterprises for their business activities.

Analysis of the technological component allows you to predict: opportunities related to the development of science and technology, timely changes in the production and sale of technologically promising products, predict the moment of abandonment of the used technology. Research and development (R&D or R+D), known in Europe as research and technological development (RTD), is a set of innovative activities carried out by.

Table 2

Example of the results of the analysis of external strategic factors (numbers are conditional)

External strategic factors	Weight (f)	impact (points)(x)	Weighted score fx
Capabilities			
Favorable demographic situation	0,05	4	0,20
Development of retail network	0,10	2	0,20
State support for small business	0,20	1	1,00
Economic stabilization	0,15	1	0,15
Threats			
Strengthening state regulation	0,15	4	0,60
Competition in the domestic market	0,10	4	0,40
New technologies	0,15	2	0,30
Decrease in consumer activity	0,10	2	0,20
Overall score	1,0		3,05

Note: The table was compiled by the author

Weighted average formula

$$\bar{x} = \frac{\sum x \cdot f}{\sum f} \quad \text{since,}$$

$$\bar{x} = \frac{3,05}{1} = 3,05 \quad \text{will be.}$$

In this case, a score of 3.05 indicates that the enterprise has an average impact on the strategic factors of the external environment.

The PEST analysis has the following stages:

1. A list of external strategic factors with a high probability of implementation and impact on the activities of the enterprise is prepared.

2. The importance of each process for the enterprise (probability of implementation) is assessed by assigning it a certain weight from 1 (most important) to 0 (unimportant) [1].

The sum of the weights should be equal to one, which is ensured by normalization.

3. An assessment of the degree of influence of each factor on the enterprise's strategy is given on a 5-point scale:

- “five” – strong influence, serious threat;
- “unit” – influence, no threat.

4. Weighted assessments are determined by multiplying the weight of the factor by its influence and are calculated by the weighted formula of the total and arithmetic average for a given enterprise.

Purpose. The purpose of analyzing the factors affecting the sustainable development of an enterprise is to assess the enterprise's ability to meet its obligations and maintain long-term ownership rights.

Main material and results. The internal environment of the organization is considered its backbone. The internal environment contains the potential that allows the organization to function and, therefore, to exist and function for a certain period of time.

But the internal environment can also cause problems and even its death if there is no effective mechanism for the organization to function. There are enough examples of death from purely internal reasons, the closure of various firms and organizations.

Analysis of the internal environment of the enterprise is the second part of the SWOT analysis, which is associated with the identification and study of the strengths and weaknesses of the organization.

Hidden strengths serve as the basis on which the organization relies in its competitive struggle and must expand and strengthen. Weaknesses should be the focus of close attention of management. It should do everything possible to get rid of as many weaknesses as possible.

The purpose of internal analysis is to assess the strategic situation in the enterprise, taking into account the existing limitations of strengths and weaknesses.

Principles of internal analysis. The analysis of the internal environment of the enterprise is based on the following principles:

1. Consistency – means considering the enterprise as a complex system that includes a number of functional subsystems (activities) and components (structural units).
2. Complexity – involves the analysis of all components of the enterprise.
3. Comparability – requires the analysis of all internal variables in dynamics and in comparison with similar indicators of competitive firms.
4. The uniqueness of the enterprise or specific goals.

The constituent factors of the internal environment of the organization (enterprises) include:

1. Management organization.
2. Production.
3. Marketing.
4. Finance.
5. Frameworks.

Conclusion. Analysis of the external and internal environment of the organization is otherwise called the analysis of the organization's environment (method), which allows you to identify threats and opportunities that may arise in the external environment in relation to the organization, as well as strengths and weaknesses of its internal environment.

SWOT analysis is an abbreviation of English concepts (strengths – strengths, weaknesses – weaknesses, opportunities – opportunities and threats – threats). This is an analysis of the company's strengths and weaknesses, an assessment of its capabilities and potential threats.

Strengths are internal factors that contribute to the effective functioning of the organization (for example, well-trained sales staff, well-functioning production, high-quality products). The strengths of the company are important because they are used as the basis for the formation of a strategy and a specific advantage. With insufficient strengths, a successful strategy can be formed if the company's management makes this strategy a basis.

Weaknesses are internal factors that may prevent the organization from operating effectively (for example, fixed costs, outdated product designs, delivery schedules).

A weakness is a situation where something essential to the operation is missing or failing (compared to others) and puts the company at a disadvantage. A weak strategy should be aimed at eliminating those aspects that make the company vulnerable, interfering or absent.

Growth principle – an organized strategy should take into account the strengths and weaknesses of the company and its capabilities.

Opportunities – external factors that give the organization an advantage, for example, effective distribution channels, compliance with legislation, the presence of growth in market segments, the reliability of stability. The main advantage of the company is that it is quite good compared to its competitors.

The main advantages of the company can be:

- manufacturing capabilities that ensure the release of high-quality products;
- know-how, including the creation and operation of systems for the rapid and accurate fulfillment of orders;
- the ability to provide better after-sales service.

Threats are external factors that can cause an unfavorable operating environment for the organization. For example:

- a stronger national currency makes a competitor's imports cheaper and exports more expensive;
- the introduction of new competitive products on the market;
- aging workforce and lack of necessary qualifications.

The idea of SWOT analysis is as follows:

- a) studying their potential to turn weaknesses into strengths, and threats into opportunities;
- b) developing the strengths of the firm in accordance with its limited capabilities.

SWOT analysis can be carried out in five stages:

At the first stage, the strengths of the company are studied – its competitive advantages in the following areas: patentability of manufactured goods; price of goods; technological progress; qualifications of personnel; cost of resources used by the firm; age of fixed production assets; geographical location of the company; infrastructure; marketing and management systems; strength of competition at the input and output of the company's management system, etc.

At the second stage, the weaknesses of the firm are studied. This stage begins with an analysis of the competitiveness of manufactured goods in all markets: a tree of indicators of the competitiveness of goods is constructed; indicators are calculated according to the constructed tree; similar indicators are collected or competitive products are predicted; weaknesses are determined in accordance with the competitive advantages of the company studied in the first stage.

At the third stage, in order to predict strategic and tactical threats to the company and prevent losses in a timely manner, the factors of the macroenvironment are studied: political, economic, technological, market, etc.

At the fourth stage: the company's capabilities (capital, assets, patents, etc.) necessary to prevent strategic and tactical threats, reduce weaknesses and increase the company's strengths.

At the last, fifth stage of the SWOT analysis, the company's strengths and opportunities for the formation of a draft of individual strategies are developed.

To establish relationships in the analysis process, a matrix is compiled (Table 3).

In the first column of this matrix, two sections are distinguished (strengths, weaknesses). These sections include those identified at the previous stage of the analysis of the company's strengths and weaknesses. Accordingly, two sections are also distinguished in the upper part of the matrix (opportunities and threats), in which all opportunities and threats are identified.

Table 3

SWOT matrix

Internal environment of the organization	External environment	
	Opportunities	Threats
Strengths	strengths and opportunities	strengths and threats
Weaknesses	weaknesses and opportunities	weaknesses and threats

Note: The table was compiled by the author

In each of these areas, it is necessary to consider all possible pair combinations and highlight those that should be taken into account when developing an organization's behavioral strategy.

For pairs from the strength and opportunity area, a strategy should be developed to use the organization's strengths to get a return on the opportunities that have arisen in the external environment.

For pairs that find themselves in the "weakness and opportunity" area, the strategy should be built in such a way that they try to eliminate the weaknesses in the organization thanks to the opportunities that have arisen. If the pair is in the strength and threat area, there should be a strategy that involves using organizational strength to eliminate threats. For the weakness and threat area, the organization should develop a strategy that will allow it to get rid of the weakness and prevent the approaching threat.

Successfully applying the SWOT-analysis method of the environment allows the organization to assess not only the ability to identify threats and opportunities, but also to assess how important it is for the organization to take into account each of the threats and opportunities that are directed in the organization's behavioral strategy.

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Shirinov Bashar Habib oglu, PhD in Economics, Associate Professor, Azerbaijan University of Architecture and Construction. **Musali Aytac Azad**, Master's student, Azerbaijan University of Architecture and Construction. **Abdurahimova Malahat Shahin**, Master's student, Azerbaijan University of Architecture and Construction. **Analysis of factors affecting the sustainable development of the enterprise.**

The higher the stability of the enterprise, the more independent it is from external factors of the market situation and, as a result, the lower the risk of bankruptcy. A large number of factors influence the sustainable development of the enterprise. Factors can differ in structure (simple and complex), in the significance of the result (primary and secondary secondary), in duration (permanent and temporary). However, all these factors can be divided into internal, depending on the reason for their occurrence, depending on the organization of the enterprise's work, and external factors that are not subject to the will of the organization. The analysis pays special attention to internal factors, since the enterprise can to some extent control and influence them. The enterprise does not have the opportunity to influence external factors, it can only adapt its work to their changes as profitably as possible. Various methods for assessing the state of sustainable development of the enterprise, as a rule, repeat and complement each other, therefore, depending on the objectives of the analysis and the available database, they can be used both comprehensively and separately. Factor analysis is a method used to study the influence of a number of factors on the results, to determine the degree of influence of each of them. This method is indispensable for assessing the causes of changes in a given indicator. As an example, we can cite the method of chain substitution, as well as the equally general method of absolute and relative differences. The sustainable development of an enterprise is greatly influenced by factors that can be divided into external and internal. Internal ones directly depend on the organization of the work of the enterprise itself; changing external ones is almost not subject to the will of the enterprise. This division must be followed when modeling production and economic activities and trying to manage financial stability by carrying out a complex search for reserves to increase production efficiency. At the same time, an enterprise with good sustainable development has no problems with the state and society, since taxes and social contributions are paid on time, workers and employees receive their salaries on time, shareholders receive their dividends, and the enterprise guarantees the repayment of loans. In this regard, it is relevant to study the main aspects of the formation, use and management of working capital, and determine their role in the sustainable development of the enterprise.

Key words: enterprise, internal factor, external factor, sustainable development, competition, macro environment, strategy, analysis, factor, finance, risk.

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JEL L30, Q01, G30

Ширінов Башар Хабіб оглу, кандидат економічних наук, доцент, Азербайджанський університет архітектури та будівництва. **Мусалі Айтак Азад**, магістрант, Азербайджанський університет архітектури та будівництва. **Абдурахімова Малахат Шахін**, магістрант, Азербайджанський університет архітектури та будівництва. **Аналіз факторів, що впливають на сталий розвиток підприємства.**

Чим вища стійкість підприємства, тим воно більш незалежне від зовнішніх факторів ринкової ситуації і, як наслідок, менший ризик банкрутства. На сталий розвиток підприємства впливає велика кількість факторів. Фактори можуть відрізнятися за структурою (прості та складні), за значущістю результату (первинні та вторинні), за тривалістю (постійні та тимчасові). Проте всі ці фактори можна розділити на внутрішні, залежно від причини їх виникнення, залежно від організації роботи підприємства, і зовнішні фактори, які не підвладні волі організації. При аналізі особлива увага приділяється внутрішнім факторам, оскільки підприємство може певною мірою контролювати та впливати на них. Підприємство не має можливості впливати на зовнішні фактори, воно може лише максимально вигідно адаптувати свою роботу до їх змін. Різноманітні методи оцінки стану сталого розвитку підприємства, як правило, повторюють і доповнюють одна одну, тому в залежності від цілей аналізу та наявної бази даних можуть використовуватися як комплексно, так і окремо. Факторний аналіз – це метод дослідження впливу ряду факторів на результати, визначення ступеня впливу кожного з них. Цей метод незамінний для оцінки причин зміни того чи іншого показника. Як приклад можна навести метод ланцюгової підстановки, а також не менш загальний метод абсолютних і відносних різниць. На сталий розвиток підприємства великий вплив мають чинники, які можна поділити на зовнішні та внутрішні. Внутрішні безпосередньо залежать від організації роботи самого підприємства; зміна зовнішніх майже не підвладна волі підприємства. Цього поділу необхідно дотримуватися при моделюванні виробничо-господарської діяльності та намаганні управляти фінансовою стабільністю шляхом комплексного пошуку резервів підвищення ефективності виробництва. Водночас підприємство з хорошим сталим розвитком не має проблем із державою та суспільством, оскільки податки та соціальні внески сплачуються вчасно, робітники та службовці вчасно отримують зарплату, акціонери отримують дивіденди, а підприємство гарантує повернення кредитів. У зв'язку з цим актуальним є дослідження основних аспектів формування, використання та управління оборотними коштами, визначення їх ролі в сталому розвитку підприємства.

Ключові слова: підприємство, внутрішній фактор, зовнішній фактор, сталий розвиток, конкуренція, макросередовище, стратегія, аналіз, фактор, фінанси, ризик.