



THEORETICAL AND PRACTICAL BASIS OF FORMING CORPORATE STRATEGY IN BUILDING MATERIALS MANUFACTURING ENTERPRISES

Uzakova Umida Ruziyevna

Associate Professor of the Department of “Corporate Governance”,
PhD.Tashkent State Transport University

Abstract

This article analyzes the processes of corporate strategy formation in building materials manufacturing enterprises based on scientific and practical approaches. The study examines the interrelationship of micromarkets, production strategy, innovative technologies, and sustainability principles. International experiences, including strategies of large companies, are compared with the possibilities of application in national conditions. The results show that a comprehensive strategy based on market signals, production decisions, and environmental requirements increases the long-term competitiveness and economic efficiency of enterprises.

Keywords: Corporate strategy, building materials, micromarket, production efficiency, sustainability, innovation, ESG

Introduction

The building materials industry is one of the most important supporting sectors of the national economy. This sector ensures not only the development of infrastructure, but also the stable functioning of other sectors of the industry. In recent years, economic reforms, improving the investment climate and strengthening competition mechanisms require enterprises to take a new approach. In such conditions, the correct formation of a corporate strategy is becoming a key factor in the efficiency and long-term development of the enterprise.



In today's global economy, the increasing demands for sustainability, environmental safety and innovative development require enterprises producing building materials to make new strategic decisions. In particular, the analysis of regional markets based on the micro market approach, the effective organization of production processes, cost optimization and diversification of the product portfolio are becoming increasingly important. At the same time, the experience of international companies shows that an approach based on sustainable development and ESG principles provides not only environmental benefits, but also economic efficiency.

The process of forming a corporate strategy requires an integrated approach. In this process, market signals, production decisions, innovative technologies, adaptation to environmental requirements and institutional factors should be considered in an integral way. Doing so will allow enterprises to strengthen their competitive advantage, ensure sustainable profitability and operate in accordance with international standards.

The relevance of this study is that by forming the corporate strategy of enterprises in the building materials industry on a scientific basis, their economic efficiency, innovative potential and investment attractiveness will significantly increase. Therefore, the analyses conducted on this topic will have not only theoretical but also practical significance and will directly contribute to the sustainable development of the national economy.

Methodology

This study was aimed at a systematic study of the processes of corporate strategy formation in building materials manufacturing enterprises. An integrated approach was used as a methodological basis, which consists of a combination of several scientific and practical methods. First of all, market segmentation and price-volume balance assessment methods based on the micromarket approach were used, since the specific conditions of each region directly affect the quality of strategic decisions. At the same time, the theoretical foundations of production strategy were analyzed, and the criteria for capacity deployment, technology selection, and efficient use of resources were identified. The experience of local and international companies was selected as the object of practical study, and



strategic results were assessed using qualitative comparison and case study methods. Global trends, in particular ESG principles and sustainable development requirements, were linked to theoretical views in the analysis. Also, documentary sources and strategic reports of companies were content-analyzed, and their connection with capital efficiency, sustainability, and the institutional environment was scientifically explained. Thus, the research methodology was formed as a holistic system that combines theory and practice, revealing a coherent and conceptual connection of the strategy formation process.

Analysis And Results

The most important factor in creating value in the building materials industry is to analyze the market at the “micro market” level and develop a separate commercial policy for each region. Due to the high cost of cement logistics, small markets within a radius of about 200 km around the plant are formed as the main segment. Therefore, by separately modeling price-volume, segmentation and competitor costs, the enterprise can ensure sustainable profitability [1].

This approach is inextricably linked to the production strategy. According to Skinner, there is no single “best” operating system; each enterprise must choose the appropriate trade-offs for itself [2]. The Fine and Hax methodology requires the production strategy to be integrated into a single system with marketing, finance, engineering and supply functions, as well as external market signals [7]. In this way, the production strategy ensures not only internal efficiency, but also market flexibility.

A consistent step-by-step approach should be used in the strategy formulation process. Saylor’s sources note that this process includes the stages of defining the mission and goals, choosing a competitive strategy, execution and evaluation [5]. Such an iterative cycle ensures that the plan is constantly updated as a “living document” and quickly adapts to external changes [6].

Local experience also confirms the effectiveness of this approach. LEOCEM has combined cost leadership with differentiation and segmentation in its activities. Market share has expanded through innovative products, quality control and digital sales platforms, and sustainability initiatives have yielded practical results [3].



Global trends, however, require the formation of a new corporate strategy. The strengthening of ESG principles, the green economy and environmental standards are encouraging the cement industry to introduce new technologies. Reducing the share of clinker, using alternative fuels and applying carbon reduction technologies are considered key areas of sustainable development [4]. International financial institutions, particularly the IFC, play an important role in this process through sustainability-oriented loans and incentives [6].

The strategies of international corporations also confirm this direction. Holcim focuses on increasing the share of sustainable solutions and enhancing efficiency through digital platforms within its “Strategy 2025” [8]. Heidelberg Materials plans to balance low-CO₂ products, carbon capture technologies and a global asset base through its “Strategy 2030” concept [10]. Such strategies are also reinforced by clear indicators for investors.

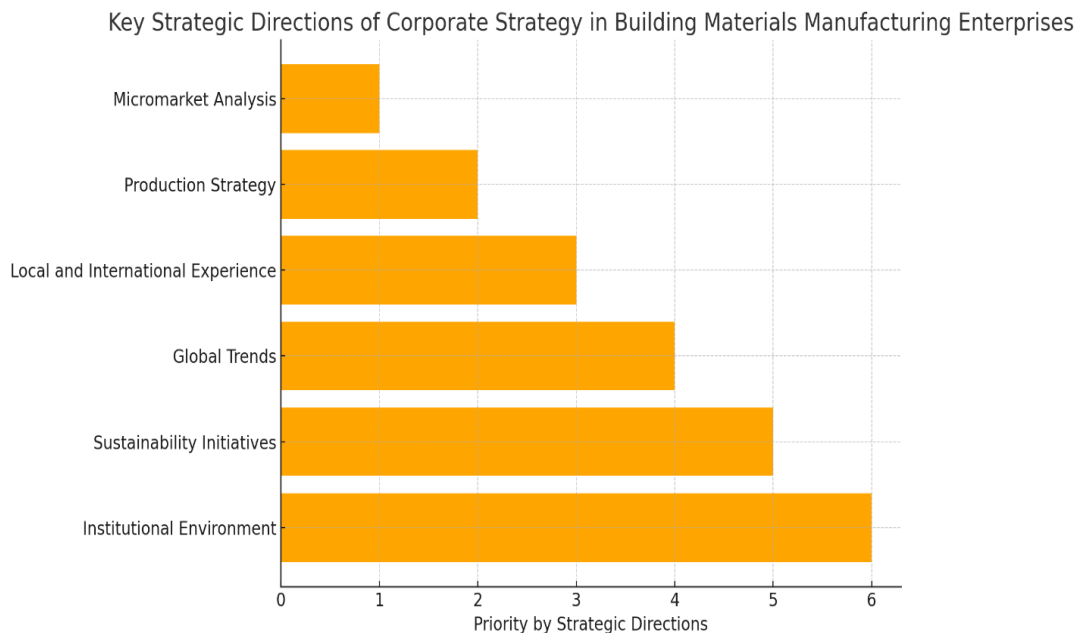


Figure 1. Main directions of corporate strategy and their priorities in building materials manufacturing enterprises



Institutional factors are also crucial where market mechanisms are not always sufficient. The MPRA study noted that the small international share of cement trade and the existence of regulatory asymmetries make it necessary to regulate the market with internationally coordinated policies [9]. This requires the alignment of strategic approaches with global institutional cooperation.

Literature Review

In the international scientific literature, a wide range of approaches have been developed to formulate corporate strategy in construction materials companies. Their common content is that the effectiveness of the strategy depends on the mutual harmony of micromarkets, production systems, sustainability requirements and the institutional environment.

First of all, the issues of market segmentation and the micromarket approach have been specifically recognized in many studies. It is emphasized that by determining territorial demand, determining the price-volume balance and calculating logistics costs, an enterprise can form its commercial strategy on a sustainable basis. This approach is especially important in the cement and other heavy materials markets, since transportation costs have a large share in the final price of the product.

At the same time, production strategy has been widely studied theoretically. Skinner and other scientists emphasize that production systems are not universal, but that each enterprise must make “trade-off” decisions appropriate to its own conditions. The methodology developed by Fine and Hax notes the need to combine many factors of the production strategy, such as capacity, technology, product portfolio, human resources and quality. These views ensure the inextricable link between production and commercial strategies.

Practical experience is also widely covered in the literature. When analyzing the activities of domestic and foreign companies, including cement manufacturers such as LEOCEM, it was found that the enterprise can achieve sustainable competitive advantage when cost leadership, product differentiation and market segmentation are combined. This process gives more effective results when supported by innovation, service quality and new products.



In recent years, great emphasis has been placed on sustainability and ESG principles in global literature. Due to the high share of the cement industry in CO₂ emissions, a lot of scientific research is being conducted on reducing the share of clinker, using alternative fuels, recycling and introducing carbon capture technologies. It is noted that this approach not only addresses the environmental issue, but also increases investment attractiveness.

Strategic documents of international corporations are also analyzed in the literature. Holcim's "Strategy 2025 – Accelerating Green Growth" and Heidelberg Materials' "Strategy 2030" programs offer an effective model for corporate strategy formation, combining sustainability, innovation and capital efficiency. Such experiences also serve as a guideline for local enterprises.

In addition, the economic literature indicates that institutional factors, in particular competition policy, environmental standards and regulatory mechanisms, are important factors for market efficiency. If control is weak or corruption is rampant, even the most carefully designed strategies may not produce the expected results. Therefore, the literature emphasizes the importance of international cooperation and institutional reforms.

In conclusion, the existing literature suggests that corporate strategy formation should be studied not only in a theoretical or only in a practical way, but also by combining micromarket analysis, production decisions, sustainability requirements and institutional factors. Therefore, a literature review provides a solid scientific basis for a more complete understanding of the strategy formulation process.

Conclusion And Suggestions

The analysis showed that several key areas of corporate strategy formation in building materials companies are interrelated and complementary factors. A clear analysis of micromarkets and the development of a commercial strategy for each region are an important tool for ensuring sustainable profitability. When this process is carried out in conjunction with the production strategy, the enterprise can rationally use resources and increase its internal efficiency.

The experience of local and international companies has shown that combining cost leadership with differentiation and segmentation provides a competitive



advantage in the market. Global trends require updating strategic approaches. In particular, the green economy, ESG requirements and the need for environmental safety are forcing companies to focus on alternative fuel, recycling and carbon reduction technologies. Such measures are beneficial not only from an ecological but also from an economic point of view, increasing investor confidence. Also, long-term strategies developed by international corporations demonstrate that sustainable development can be achieved by combining economic and environmental aspects. These experiences also serve as important learning materials for national enterprises.

Suggestions

First, enterprises should systematically conduct micromarket analysis and develop appropriate commercial policies for each region.

Secondly, it is necessary to combine the theoretical foundations of production strategy with practice and expand the ways of rational use of capacity and resources.

Third, taking into account international requirements for sustainability, the introduction of environmentally friendly technologies and adaptation to ESG standards will increase the long-term competitiveness of the enterprise.

Fourth, it is important to adapt international experiences to local conditions and support institutional reforms.

In general, if market signals, production decisions, sustainability requirements and the institutional environment are considered in a harmonious manner in the process of forming a corporate strategy, then opportunities for effective, sustainable and competitive development will be created for enterprises producing building materials.

References

1. McKinsey & Company. (2016). How cement companies create value: The five elements of a successful commercial strategy. McKinsey & Company. <https://www.mckinsey.com>
2. Skinner, W. (1969). Manufacturing – Missing link in corporate strategy. Harvard Business Review, 47(3), 136–145.



***Modern American Journal of Linguistics,
Education, and Pedagogy***

ISSN (E): 3067-7874

Volume 01, **Issue** 06, September, 2025

Website: usajournals.org

***This work is Licensed under CC BY 4.0 a Creative Commons Attribution
4.0 International License.***

3. International Journal of Research and Practice in Research (IJRPR). (2023). Analysis of LEOCEM's competitive strategy in Sierra Leone. IJRPR, 4(9), 112–120.
4. CBRE Research. (2021). Strategies and trends in building materials: ESG and global shifts. CBRE Industry Report.
5. Saylor Academy. (2012). Strategy formulation. In BUS208: Business strategy (pp. 45–58). Saylor Academy. <https://www.saylor.org>
6. International Finance Corporation (IFC). (2025). Strengthening sustainability in the cement industry. World Bank Group. <https://www.ifc.org>
7. Fine, C. H., & Hax, A. C. (1985). Manufacturing strategy: A methodology and an illustration. *Interfaces*, 15(6), 28–46. <https://doi.org/10.1287/inte.15.6.28>
8. Holcim. (2021). Strategy 2025 – Accelerating green growth. Capital Markets Day Presentation. Holcim Group. <https://www.holcim.com>
9. Munich Personal RePEc Archive (MPRA). (2010). The global cement industry: Competitive and institutional frameworks (Paper No. 24464). University Library of Munich. <https://mpa.ub.uni-muenchen.de/24464>
10. Heidelberg Materials. (2025). Strategy 2030 – Investor presentation. Heidelberg Materials Group. <https://www.heidelbergmaterials.com>