



THE ROLE OF INCREASING COMPETITIVENESS IN ENSURING ECONOMIC DEVELOPMENT

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Article history:		Abstract:
Received:	24 th September 2023	The article substantiates ways to ensure economic progress by increasing the competitiveness of the national economy. Also, in the context of modern globalization, the role of foreign economic factors in increasing the competitiveness of the national economy, the role of factors is based on the possibilities of gaining a solid place in the world economy due to maintaining stable rates of economic growth through improving the investment climate in the country. Scientific proposals and practical recommendations have been formulated to ensure the improvement of the competitive environment for investment, advanced experience and the attraction of human capital due to the change in the level of openness in foreign economic policy influenced by the globalization of world economic relations, the increase in the influence of integrative groups of countries in the world economy.
Accepted:	24 th October 2023	
Published:	30 th November 2023	

Keywords: World economy, competitiveness factors, production factors, investment efficiency, investment market, investment strategy, national economy competitiveness, innovation potential, capital migration.

INTRODUCTION

The competitive environment and high growth rates of international trade relations, which are increasingly complex today in the world economy, require a high level of attention to the use of existing conditions and factors that serve to ensure the possibility of coordinating foreign economic activities in each country. In turn, the processes of forming a systematic development strategy related to the competition of each country and coordinating the mechanism of its implementation have an effective effect on the growth of international trade volume and the improvement of its structural composition.

According to UNCTAD's analysis of world trade volume, the value of world trade will reach a record high of approximately 28.5 trillion US dollars in 2021. This figure is up 25% from 2020 and 13% from the pre-pandemic 2019 period¹. Although the world trade in 2022 was 32 trillion US dollars, the volume of world trade decreased significantly due to the geopolitical tensions that arose in the second half of the year and the strict financial policies implemented by the countries of the world².

Although the level of demand for tourism and other types of services requiring cross-border mobility

decreased sharply during this period, it had a positive effect on the increase in the share of international trade in international exports. In 2022, trade transactions worth USD 3.82 trillion were made through digital export services, accounting for 54% of total global services exports³. Such a series of processes creates the need for a comprehensive approach to the processes related to the development of a strategy for the targeted use of competitiveness factors in ensuring national economic development.

M.Porter's researches are important among the scientific approaches related to the factors of ensuring the competitiveness of the national economy. According to M.Porter's research, the four-factor model of increasing the country's competitiveness consists of the following:

- provision of human resources in areas of economic activity;
- technology and investments directed to sectors and sectors of the economy;
- capital movement;
- sphere of influence of external economic factors.

In recent years, the level of demand for human resources among the factors of increasing the

¹ https://gjepec.org/pdf/economy_updates/2022/Uncad-Global-trade-update-February-2022.pdf

² <https://unctad.org/news/global-trade-set-hit-record-32-trillion-2022-outlook-increasingly-gloomy-2023>

³ https://www.wto.org/english/res_e/booksp_e/trade_outlook23_e.pdf



competitiveness of the country's economy, under the influence of combinations related to the change of these factors in the world economy, has increased sharply. In particular, in the last 10 years, a number of countries such as Singapore, Taiwan, Malaysia, and Thailand took a high place in the world competitiveness ranking, the main reason is the product of high level of attention to human capital.

According to the experience of these countries, the problem of lack of natural resources in the country is not considered an insurmountable obstacle in the process of increasing competitiveness. It is also possible that in countries rich in natural resources, the institutional mechanism for the use of resources has not been formed, and it may not provide an opportunity to provide target indicators related to their use.

Until recently, a number of economists of the world paid special attention to the problem of the relative cheapness of labor in countries, noting that the countries with the cheapest labor force have a higher net national product. In the results of the current research, the human factor is recognized as a means of increasing the innovative potential in the country and is noted as the basis for increasing the national wealth. Consequently, if we pay special attention to the fact that the provision of full priority in the labor market in relation to qualified labor resources is rather than the formation of the possibility of coordinating the "technological components" of factors affecting competitiveness, it can be concluded that this theoretical approach is relevant to carry out research that serves to justify the role of.

RELATED WORK

X.Zhang, Y.Tan, L.Shen, Y.Wu from foreign economists within the framework of the system of improving property relations in the processes related to the role of increasing competitiveness in ensuring economic development [1]. In the researches of I.G. Vlasenko, in the conditions of modern market relations, the integral relations between the national economy and the competitiveness of industrial enterprises are analyzed [2]. In the scientific researches of researchers such as A. Abdimomynova, G. Duzelbaeva, U. Berikbolova, A. Baimakhanova, A. Karbozova, A. Mukhtarova, the public-private partnership system in the activities of branches and sectors of the economy is noted as the main factor of the competitiveness of the national economy [3]. During the research of economists such as F.C. Burcea, E. Ungureanu, special priority is given to the role of investment factors in increasing the competitiveness of the national economy [4].

M.Yakhshieva, one of the Uzbek economists, during her research on the priority of innovative factors

for increasing the competitiveness of the national economy and the implementation mechanism, concludes that innovations related to production processes and the distribution of goods and services at the national level serve to ensure the flexibility of industries and sectors to the foreign market at the global level [5]. Also, in D.S.Salaev's studies, the factors of ensuring the competitiveness of the national economy and their indicators are grouped, and the ways of increasing the competitiveness of industrial sectors with a competitive advantage are shown [6]. In D.Khodzhaeva's studies, the ways to achieve the concentration of factors for ensuring the competitiveness of the national economy by developing the activities of clusters have been shown [7].

The above studies did not pay attention to the complex features related to the factors of ensuring the competitiveness of the national economy, and as a result, increasing competitiveness can be expressed through the dispersion of general conclusions related to its role in ensuring economic development.

RESEARCH METHODOLOGY

In the article, research methods such as scientific abstraction, induction and deduction, systematic analysis, and statistical analysis are widely used in the process of increasing the role of competitiveness in ensuring economic development.

ANALYSIS AND RESULTS

In the "technological component" of increasing the competitiveness of the national economy, the impact of the improvement of the intellectual composition of labor resources on international trade relations was studied, but this process caused various paradoxes to arise within the framework of theories related to the absolute and relative advantages of international trade. In particular, in the studies of E. Hekshir and B. Olin, it was noted that the priority of countries in the process of foreign trade depends on the level of supply with production factors, and in this theory, the basis of the country's export is the group of goods with high capital or labor capacity, the basis of this priority is the corresponding production factors of the country. it is noted that it depends on the level of security [8; 9].

In our opinion, it is aimed at forming the composition of exports by ensuring the priority of labor and capital in the process of foreign trade. In the researches of E. Heksher and B. Olin, the lack of attention to the optimized combinatory relations related to the use of capital and labor factors in the production process caused the emergence of the Leontev paradox.



In our opinion, the optimal solution to this paradox depends on the level of development of human capital, and the increasing weight of investments in human capital in developing countries affects the rapid increase in the share of exports in the gross domestic product of these countries. In 2018-2022, the share of world exports and GDP of countries with high growth rates in the human capital development index with high growth rates. In particular, in 2018, Singapore, whose human capital development index was equal to 0.83, made 2.16 percent of world export products in 2018. In 2020, the human capital index increased by 0.09, and its share in world exports increased by 0.43 percent. Also, in 2022, the human capital index increased to 0.939, and its share in the world gross domestic product was 4.2 percent. During this period, the share of Singapore's GDP increased from 0.27% to 0.41%. In Hong Kong, the human capital development index increased from 0.84 to 0.952 for the corresponding periods. Canada's human capital development index increased from 0.877

in 2018 to 0.936 in 2022, and during this period, the country's share in the world gross domestic product increased by an additional 0.5 percent. Also, South Korea's human capital development index increased from 0.832 in 2018 to 0.89 in 2020. In 2018-2012, the share of South Korea in the world GDP increased from 2.36 percent to 3.08 percent. Saudi Arabia is also one of the countries where the human capital index records high growth rates. In 2018, Saudi Arabia's human capital index was 0.749, and by 2022, this index had reached 0.875. In 2018-2020, the share of Saudi Arabia in world exports increased from 0.98 percent to 1.78 percent. In 2018-2020, the share of Saudi Arabia in the world GDP increased from 0.55 percent to 0.98 percent. The share of these countries in world exports in 2018 was 12.14 percent, in 2020 it was 12.46 percent, and in 2022 it was 13.74 percent. During this period, the share of the above-mentioned countries in the world gross domestic product increased from 5.32 percent to 6.22 percent (Table 1).

Table 1

The place of countries with a high growth rate of the human capital index in the world economy in 2018-2022

№	Countries	Human capital index			Share of world exports (in billion US dollars)			Share of world GDP (in percent)		
		2018 ⁴	2020 ⁵	2022 ⁶	2018 ⁷	2020 ⁸	2022 ⁹	2018 ¹⁰	2020 ¹¹	2022 ¹²
1.	Singapore	0.83	0.92	0.939	2.16	2.59	4.2	0.27	0.39	0.41
2.	Hong Kong	0.842	0.911	0.952	2.78	2.53	1.76	0.48	0.35	0.38
3.	Canada	0.877	0.906	0.936	3.86	2.48	3.16	2.20	2.44	2.70
4.	South Korea	0.832	0.89	0.925	2.36	3.08	2.40	1.82	1.71	1.87
5.	Saudi Arabia	0.749	0.837	0.875	0.98	1.78	2.22	0.55	0.98	0.86

Among the scientific-theoretical approaches to the role of factors of increasing competitiveness in ensuring national economic development, economic ideas consistent with M. Porter's research are reflected in J. Fagerberg's research. In the course of his research, he carefully classifies the investment factors related to increasing the competitiveness of the national economy:

investments in scientific researches;
indirect investments in scientific research processes by local and foreign investors;
the amount of demand for investments in the domestic economy compared to physical capital.

According to this theory, investment processes directed at 22 sectors in 10 countries were studied. The results of the study show that the high-tech

⁴ https://ru.theglobaleconomy.com/rankings/human_development/

⁵ https://ru.theglobaleconomy.com/rankings/human_development/

⁶ <https://gtmarket.ru/ratings/human-development-index>

⁷ <https://wits.worldbank.org/CountryProfile/en/Country/WLD/Year/2020/TradeFlow/Export>

⁸ <https://wits.worldbank.org/CountryProfile/en/Country/WLD/Year/2020/TradeFlow/Export>

⁹ https://ru.wikipedia.org/wiki/%D0%A1%D0%BF%D0%B8%D1%81%D0%BE%D0%BA_%D1%81%D1%82%D1%80%D0%B0%D0%BD_%D0%BF%D0%BE_%D1%8D%D0%BA%D1%81%D0%BF%D0%BE%D1%80%D1%82%D1%83

¹⁰ <https://gtmarket.ru/ratings/gross-domestic-product-ranking>

¹¹ <https://gtmarket.ru/ratings/gross-domestic-product-ranking>

¹² <https://gtmarket.ru/ratings/gross-domestic-product-ranking>



development of the industry is the reason for the increase in the domestic market demand for investments. Direct foreign investments in scientific and research work are twice as effective in high-tech sectors, and investment efficiency in low-tech sectors does not provide the opportunity to ensure high results.

Also, the role of foreign investments in the financing of scientific research carried out in industrially developing countries is important. Investments in research and innovation are more effective than investments in physical capital in increasing the efficiency of high-tech industries. In addition,

specialization in technologically backward sectors can lead to a decrease in the rate of economic growth in the country[10].

The trends of global direct investment in 2018-2022 show that the contrast relationship has emerged in investment processes, as well as other economic variables of ensuring competitiveness. In particular, the pandemic in 2020 had a serious impact on direct investments compared to global trade and gross domestic product. From the second half of 2020, the growth rate of direct investments in the world economy accelerated (Table 2).

Table 2
Growth rates of world GDP, trade volume and direct investment in 2018-2022[11]

	2018	2019	2020	2021	2022
Rate of change in world GDP (in percent)	3.6	2.9	-3.1	6.1	3.6
Rate of change in world trade volume (in percent)	4.0	0.9	-7.9	10.1	5.0
Rate of change in direct investment (in percent)	-11	2	-35	64	64
Value of direct investments (in trillions of US dollars)	1.4	1.5	1.0	1.6	1.6

In the first and second stages of the pandemic, especially in developed countries, changes related to the demand for direct investments occur under the influence of the component of financial flows in the country and operations related to the activity of financial

markets. A growing M&A market and retained earnings of MBs underpin a rapid recovery in growth in 2021. As a result, the weak growth of greenfield investment in industry reflects the low share of new capital in FDI flows (Table 3).

Table 3
Countries with the highest growth of direct investment in the volume of global investment in 2018-2022 (in billions of dollars)¹³

Countries	2018	2019	2020	2021	2022
Australia	48198,6	60685,9	38959,5	15307,4	24789,1
Belgium	-37288,8	-41601,4	-21379,9	-24346,5	24036,8
Canada	25357,8	42603,8	48942,3	30384,6	64727,0
Switzerland	14323,6	-160387,8	8774,9	-257336,3	9312,2
The Netherlands	227392,6	-330338,5	-14191,9	-218712,4	-141741,5

The component of directly invested incomes - profits kept by multinational enterprises (TMCs) in foreign branches - is the basis of the level of growth of the volume of direct investments in 2022.

Reinvested earnings in the US reached \$200 billion, the highest result recorded in history. Countries such as Switzerland, the Netherlands, Canada, Australia and Belgium have seen large jumps in reinvested earnings. Global investments have grown moderately,

indicating that new investment projects are being financed by debt financing with a smaller equity component.

Capital, which is considered to be the main factor in increasing the competitiveness of the national economy and its international movement, is the main means of strengthening the global position of the countries receiving investment. Many countries pay attention to the globalization of the country's economy,

¹³ <https://databank.worldbank.org/source/world-development-indicators?l=en,en#>



which is considered the objective basis of capital migration in the import and export of capital[12].

According to world practice, capital export is the removal of a part of capital from domestic circulation by certain countries, the introduction of this capital in the form of goods or money into the production process of foreign countries has a positive effect on the growth of the export volume of these countries.

The international migration of capital generates income attributable to the capital exporting country through the opposite movement of capital between countries. Many countries are both importers and exporters of capital. The imposition of tariff or non-tariff restrictions on the cross-border flow of capital causes countries to enter world markets in a roundabout way. Therefore, each country implements systematic measures related to the promotion of capital movements:

1. In the activation of capital import, a systematic basis of interdependent and complementary sectors of the economy is formed, technological processes aimed at reducing the labor capacity and increasing the efficiency of the sector are supported by the state. The internationalization of production has a great influence on the international movement of capital. As a result, the intensity of capital increases in sectors and sectors of the economy;

2. Within the framework of technological specialization, broad cooperation relations are established between legal independent enterprises of the countries and international production cooperation;

3. An active investment policy aimed at stimulating economic growth, developing advanced industrial production, and ensuring a high level of population employment is carried out in the countries;

4. Attention is paid to increasing regional economic activity by liberalizing the investment environment in the country and attracting foreign capital.

Taking into account the specialization of capital movement and the influence of international cooperation relations on relations in the production process, it is appropriate to recognize that interdependence within the framework of sectors and sectors of the economy will achieve sustainable economic growth by establishing beneficial integration relations between sectors and sectors of the economy.

CONCLUSION AND SUGGESTIONS

In increasing the competitiveness of the national economy, the effective influence of the technological factor on the process of radically changing the structural composition of production is important. In this process,

the main task of the state is to increase the capacity of personnel to coordinate technological development in economic sectors and fields.

The steady growth of technological development requires increasing the scope of using human resources in creating, improving and distributing technologies that improve the quality of life of the population. Also, the improvement of the country's technological exchange system in the domestic and international markets provides the following priorities related to the stable growth of the gross domestic product;

- sharp fluctuations in the price of products produced at the expense of renewable energy in the use of energy resources will be prevented;

- the effectiveness of investments directed to reconstruction and modernization of economic activities increases;

- opportunities for effective use of the export potential will increase by launching the production of products with a high scientific capacity and technological basis in the composition of export goods.

The main factor of the economic efficiency of the level of technological development of the economy depends on investments, and this dependence serves to ensure the development of science and technology.

Investments at the micro and macro level play an important role for the country's economy. Investment relations at these levels provide an opportunity to achieve the following goals, which complement and complement each other:

- expanding the production process due to the concentration of production factors at the micro and macro levels;

- achieving capital and labor intensity by increasing the technological level of production within economic sectors;

- improvement of product quality within the enterprise or industry;

- in the future, ensuring the priority related to the sustainable development of the enterprise, network activities, etc.

Also, investments allow to effectively solve many social problems at the micro and macro level, ensuring simple and extended reproduction, achieving structural changes in the production process, and increasing profits. In developed countries, investment efficiency and know-how in economic sectors, along with increasing practical and management skills, will have an effect on ensuring a high indicator of multiplier efficiency by effectively organizing and restoring the economy of regions and sectors.

On the contrary, in developing countries, when a number of tasks to increase investment attractiveness



are ensured, the efficiency of the multiplier records low indicators due to the lack of saturation of the investment market.

In our opinion, the basis of existing shortcomings in this regard is due to the following:

an increase in the ratio between investment sources in investment relations related to ensuring the rate of economic growth;

incompatibility of the process of localization of production with the composition of imported goods;

in the formation of the investment strategy in most countries, the possibility of avoiding the impact of the rapidly changing processes related to external factors on the investment market situation has not been formed;

as a result of the inefficient activity of financial institutions, the decline in investment-related diversification processes in economic sectors, etc.

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