

The Experience of Developed Countries in Increasing the Competitiveness of Joint-Stock Companies and the Prospects for its Implementation in Uzbekistan

Khazratkulova Lola Narmuminovna

*PhD in Economic Sciences, Associate Professor, Department of Finance and Business Analytics,
Tashkent State Economic University*

Bekbayeva Feruza Bakhtierovna

*Senior teacher, Department of Finance and Business Analytics, Tashkent State Economic
University*

Abstract

In a market economy, it is impossible to overestimate the importance of competitiveness as a factor in maintaining and improving the economic security of business in a strategic perspective. The use of competitive advantages allows the company to survive in an unstable economic situation, attracting customers and increasing the profitability of production and sales.

The article summarizes the theoretical interpretation of the concept of "competitiveness", an attempt is made to generalize the factors that stimulate the competitive advantages of enterprises and the economy as a whole, foreign experience in increasing competitiveness and the prospects for its implementation in Uzbekistan are analyzed. The purpose of the study is to identify the main directions in the field of increasing the competitiveness of countries with economies in transition. The results of the study can be used in the system of making strategic decisions for the development of countries with economies in transition.

Keywords: globalization, competitive advantage theories, human capital theory, quality of life, income differentiation, poverty alleviation, social protection, innovative economy.

Introduction. At the present stage of economic development, associated with globalization and internationalization processes, when world economic relations go beyond countries and continents, the most significant criterion for the demand for products and production efficiency is competitiveness, the increase of which means a transition to an intensive type of expanded reproduction, which ensures business sustainability. Creating competitive advantages over a rival is becoming a strategic direction of the state and its bodies in the field of ensuring the competitiveness of the national economy. At the same time, increasing competitiveness concerns all levels of its hierarchy: products, enterprises, industries, regions and countries as a whole, but the competitiveness of an enterprise as the main link in the economy is of particular importance.

The world's leading research institutes, as the most important scientific directions for increasing the competitiveness of joint-stock companies, propose to improve existing and develop innovative methods and methodological approaches to determining the conditions for increasing the company's sustainability, the transition from a policy of increasing profitability by increasing production volumes to a policy aimed at reducing costs, development of innovative and production potential by identifying reserves based on improving financial methods to improve the efficiency of the enterprise.

There are a number of unresolved problems in the modern financial market of Uzbekistan, including: the inability of the existing market mechanisms to fully and efficiently allocate and use financial resources, the imbalance of supply and demand in terms of quantitative and qualitative characteristics, low competitiveness of enterprises.

Methods. In the process of research, general scientific logical methods of analysis and synthesis, induction and deduction, and processing of statistical data were used. The information base of the study was the materials of domestic and foreign research institutions, international organizations.

Results. The foundations of the theory of comparative advantage were laid by A. Smith and D. Ricardo, they explored the country's ability to participate in international trade in conditions of free competition. Based on their research, subsequent theories developed that either expanded the analysis proposed by A. Smith and D. Ricardo, or refuted their theory, thereby highlighting new aspects in the development of competitive advantages as a more progressive form of comparative advantages.

In early theories, the main attention was paid to the study of the comparative advantages of countries, which are based on differences in the provision of countries with factors of production and, as a result, differences in relative costs, which are reflected in the works of A. Smith, D. Ricardo, Heckscher-Ohlin.

With the development of scientific and technological progress and the strengthening of the influence of science and technology on production processes, scientific theorists could not but reflect in their works the increased role of innovation in the formation of competitive advantages. Features of the innovative method of production are reflected in the theories of M. Posner, R. Vernon, G. Hufbauer.

The theory of competitive advantages by M. Porter is based on the concept of a value chain, which considers a company as a set of interrelated activities: core (production, sales, service, delivery) and supporting (personnel, supply, technology development, etc.). The advantages, according to M. Porter, largely depend on the clear organization of such a chain, the ability to benefit from each link and give customers some value at a lower price. The possibility of this facilitates analysis, which makes it possible to identify the strengths and weaknesses of the company, assess the competitive position of it and its rivals, optimize the chain itself, and form competitive strategies that are usually implemented by divisions.

One of the modern scientists in his works revised certain aspects of the theory of M. Porter's competitiveness, casting doubt on the latter's statement that "competitiveness is due to efficiency." In his opinion, the situation is rather the opposite: "the creation and sale of competitive goods allow increasing profits and improving production efficiency" [Fatkhutdinov R.A.].

The studies of Uzbek scientists devoted to identifying the problems of the corporate governance system, prove that it allows "integrating the efforts of the highest and executive bodies of government in developing a balanced strategy for the development of production, mastering the production of new products, introducing progressive forms of management and increasing the competitiveness of the national economy" [Khazratkulova L., Kurbonov F.M.].

Analysis. Each country has its own characteristics of the functioning of joint-stock companies, while it cannot be argued that the problems of the functioning of joint-stock companies are of a local nature. One of the most important problems of enterprises, including those based on equity capital, is the achievement of a certain level of competitiveness, since competitiveness is the main macroeconomic factor affecting the state of the world market, as a result of which it is necessary to study international experience in overcoming the crisis in the market of goods and services and providing their competitiveness.

Moreover, international experience in order to increase the competitiveness of the domestic market is considered appropriate in terms of reducing the negative consequences of globalization processes.

Healthy market competition is fundamental to a well-functioning U.S. economy. Basic economic theory demonstrates that when firms have to compete for customers, this results in lower prices, higher quality goods and services, more variety, and more innovation.

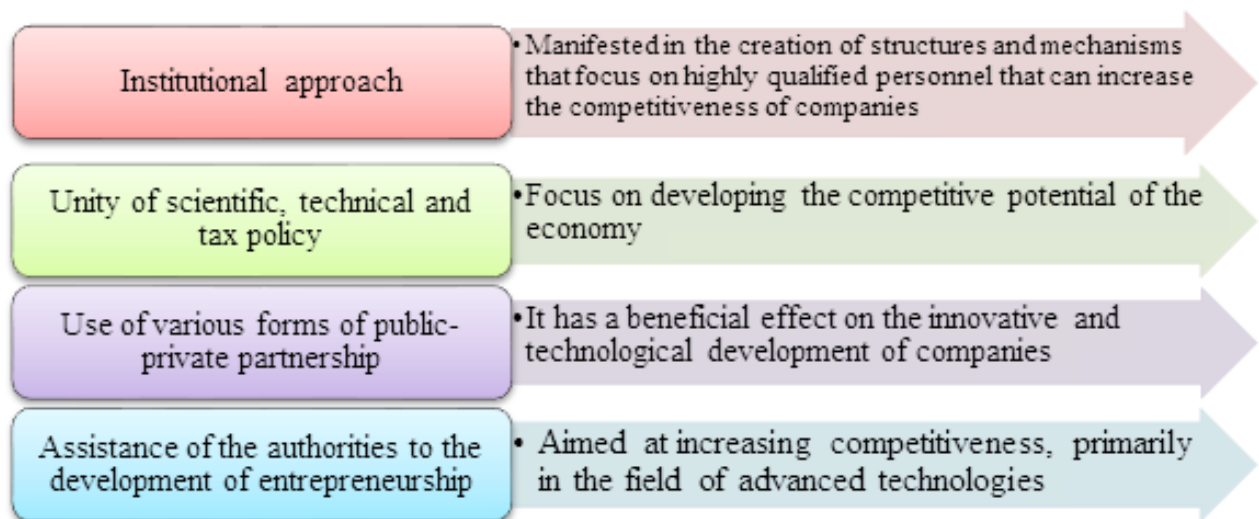
That is why the U.S. Government has signed the American Competition Encouragement Executive Order, which launches a nationwide effort to combat the growing market power in the American economy, seeking to ensure the competitiveness of markets.

While competition is fundamental to a prosperous and fair economy, there is mounting evidence that markets across the U.S. have become less competitive over time and that bargaining power is expanding. There are two kinds of evidence indicating that concentration problems are widespread in the U.S. economy. First, there is evidence that market concentration, as well as profits and margins, are rising in all industries. Second, market-specific studies show that consolidation has led to detrimental price increases, one of the clearest indicators of increasing market power.

Along with rising prices, which are both a sign of a market power problem and an important consequence for consumers, economists have identified two other important consequences of increasing concentration: first, there is growing evidence that it discourages innovation; and, secondly, studies show that this leads to a significant concentration in the U.S. labor market - it is not just markets for goods and services, which leads to lower wages.

Numerous studies have been carried out that show an increased concentration in a large number of sectors of the economy. In fact, concentration has increased in more than 75 percent of U.S. industries since the late 1990s. These studies show that the largest companies in the economy grew at the expense of smaller firms. While concentration may have increased in some cases because firms with high market share are more efficient or more innovative than their competitors, the prevalence across many industries and trends is a concern [Heather Boushey and Helen Knudsen].

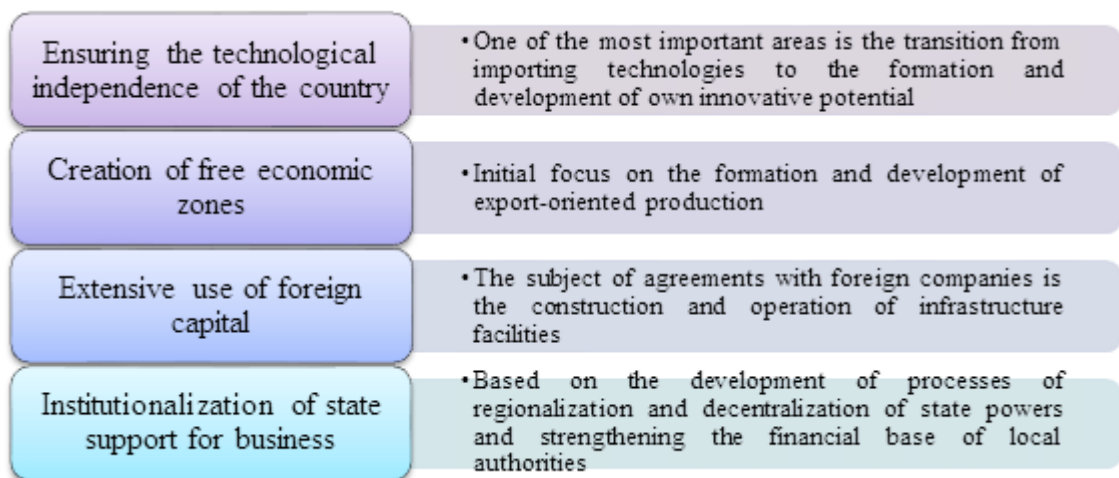
In assessing the experience of the United States, which characterizes the activities of the state related to supporting the processes of increasing the competitiveness of economic entities, attention shall be pointed into a number of important points (Fig. 1).



Pic. 1 The main areas of activity of the U.S. government to improve the competitiveness of the company

Compiled by the author from: [Heather Boushey and Helen Knudsen]

Due to the fact that in recent years there has been a widespread penetration of goods and services from Chinese manufacturers to the world market, the experience of the People's Republic of China in improving the competitiveness of enterprises deserves special attention. It is necessary to single out the following main characteristics of the government's management activity, focused on increasing the competitiveness of economic entities (Fig. 2).



Pic. 2 Measures to improve the competitiveness of enterprises in China

Compiled by the author according to: [Risin S. I]

In Japan, there is a special White Paper on Science and Technology of the Ministry of Education of Japan (2017), one of the goals of which is to address the issues of increasing the competitiveness of Japanese companies. In particular, it determines that Japanese companies, in order to increase their competitiveness, need to more actively move to the system of "open innovations", the latter to a certain extent can be considered as a variety and a new stage of outsourcing, which has long been actively used by companies from different countries, since it related to attracting external resources [Timonina I.L.]. The above book explicitly states that the Fourth Industrial Revolution is the era of startups [White Paper on Science and Technology]. At the same time, according to Japan's National Science and Technology Policy Institute, on average, only 5% of companies use university developments and technologies. Currently, the interaction between university science and companies (of different sizes) is most often carried

out in the form of joint projects, which in itself is also an effective form of using the scientific potential of universities and from an organizational point of view is “horizontal cooperation at the pre-competitive stage” [White Paper on Science and Technology]. However, the problem, according to Japanese experts, is the need to create a mechanism for transferring the results of research (including fundamental research) conducted at the universities themselves into the real economy.

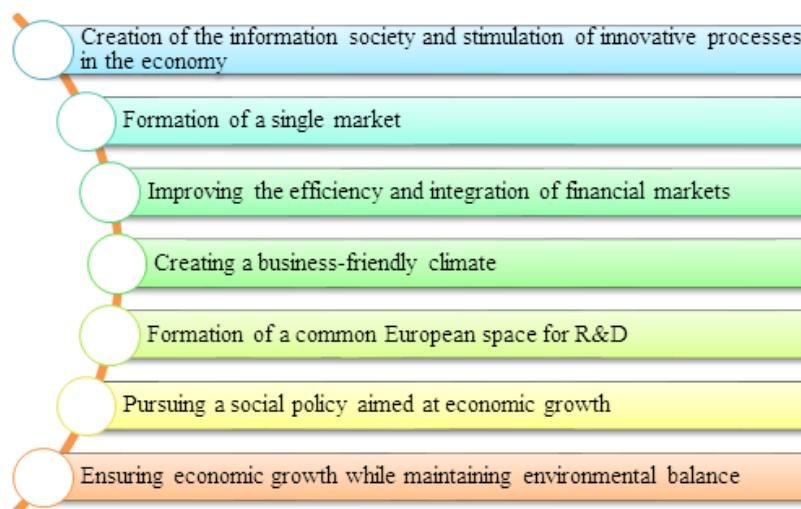
In matters of increasing competitiveness at the micro and macro levels, the experience of the European Union as a world technological leader is interesting. The EU differs from other countries and their associations in its rather pronounced and increasing emphasis on sustainable environmental development, as well as in the fact that it emphasizes innovation as a source of social welfare and the transformation of society as a whole. The goal of the EU economic policy can be described in a succinct formula "sustainable competitiveness and competitive sustainability" [Science, research and innovation performance of the EU].

The most important areas for transforming the structure of the European economy in the context of the concept of competitiveness are increasing labor productivity, transforming into energy, developing the financial sector in the direction of stimulating the development of innovative companies, investing in new technologies, which should serve as a guideline in the development of structural reforms and practical measures [Annual Sustainable Growth Strategy] . In the long term, the growth of the competitiveness of the economy based on the growth of labor productivity and the improvement of the environment is linked to an increase in the level and quality of life of EU citizens.

In order to improve the competitive position of joint-stock companies, it is necessary to focus on achieving the main directions of the Lisbon strategy for increasing the competitiveness of the economy (Fig. 3).

The Lisbon program shows the priorities of the strategy of the European Union, which is one of the leaders in the world economy, and, therefore, its experience in increasing competitiveness is of undoubted interest for Uzbekistan as well.

To achieve the goals of the first direction of the program, it is planned to increase the level of informatization of schools, public institutions and individuals. If we compare the indicators of Uzbekistan and the world in terms of Internet access, then according to a World Bank report published in July 2021, there are now 12.7 broadband subscribers per 100 inhabitants in Uzbekistan - slightly below the global average (13.26) [<https://www.spot.uz/>].



Pic. 3 Main directions of the Lisbon strategy for increasing the competitiveness of the economy

Compiled by the author according to: [Zuev V.V.]

The creation of a climate favorable for the development of entrepreneurship, which is the fourth direction of the Lisbon program, is of great importance for increasing the competitiveness of the national economy. To achieve these goals, EU experts propose to focus on the following priority areas:

- ✓ encouragement of the population to open a new business;
- ✓ improve the education system in such a way as to instill entrepreneurial skills already at the initial stages of education;
- ✓ create conditions for the development of entrepreneurship by minimizing the risks of bankruptcy;
- ✓ develop schemes for concessional financing of business;
- ✓ improve the legislative framework and reduce administrative barriers [Zuev V.V.].

The fifth direction of the Lisbon program for improving the competitiveness of the economy, which determines the need for the formation of a common European R&D space, is the implementation of annual expenditures on research and development at a level of at least 4% of GDP as priority goals. It should be noted that increasing the level of funding for science and scientific developments is determined by one of the key tasks of the government of Uzbekistan - in accordance with the Concept for the Development of Science in the Republic, it is planned to increase the share of all funds allocated to science in relation to the gross domestic product: by 2025 by 6 times, by 2030 - 10 times [Decree of the President of the Republic of Uzbekistan No. UP-6097]. However, in practice, we see a significant backlog of Uzbekistan from many countries of the world.

As priority tasks of the Strategy for building a New Uzbekistan for 2022-2026, the government of the Republic set the goal of implementing the idea "New Uzbekistan is a country of competitive products", including through an open competitive selection of 200 companies to provide comprehensive support in transforming them into the country's leading exporters [Decree of the President of the Republic of Uzbekistan No. UP-60].

Discussion. The experience of developed foreign countries shows that the production of competitive products is the basis for the growth of the country's export and innovation potential.

The study of foreign experience made it possible to draw a number of conclusions about the directions for increasing competitiveness, including: the formation of effective institutional frameworks aimed at encouraging competition in the economy, the implementation of a well-thought-out tax policy that stimulates the development of competition, the comprehensive promotion of entrepreneurship development, the implementation of export and innovation-oriented policies, widespread use of foreign capital, the development of ICT, improving the quality of labor resources.

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