

## THEORETICAL FOUNDATIONS AND WAYS TO INCREASE COMPETITIVENESS IN THE ECONOMY

Akramova Aziza Abduvohidovna  
Student of Tashkent Institute of Finance  
azizaakromova453@gmail.com

<i><b>A B S T R A C T</b></i>	<i><b>K E Y W O R D S</b></i>
Competitiveness is the capability a country or company has to achieve profitability in the market in relation to its competitors. Competition is a multifaceted economic phenomenon that expresses a complex relationship between all subjects of the market. The article provides an explanation of the role of effective competition in the economy and the improvement of competitive relations.	Competitive relations, profitability, monopoly, resources, innovative task, profit, principles and methods, globalization, competitive advantages, effective innovation, increasing the competitiveness, macroeconomic stability, global competitiveness.

### Introduction

Competition also occurs among consumers, focusing on the purchase of goods at favorable and affordable prices, that is, the consumer tries to have more profit in exchange for each unit of money spent. Another condition for the existence of competition is the presence of a commodity and money relationship, a market system that has developed to some extent. Therefore, the main area of competition is the market. The complicated processes of reforming economic relations and the development of new market conditions in our country require new approaches to the organization of production and economic activities, principles and methods of production management.

### Material and Methods

Analogous to the concept of competitiveness applied to a company, the competitiveness of a country refers to its ability to sell products or services in the international marketplace in relation to its competitors. The competitiveness of a country is determined by the sum of the competitiveness of its firms. The concepts of comparative and competitive advantages mentioned above also apply to countries. The study of the factors that determine national competitiveness is important because the state can influence its competitiveness by its economic policies.

There are 2 basic approaches to analyzing international competitiveness: the traditional approach and the structural approach.

#### Traditional Approach

The traditional approach of competitiveness is based in labor costs and the exchange rate. These two factors determine the price of a country’s outputs in the international marketplace in relation to the

price of foreign countries' outputs. This approach stresses importance on devaluations and focuses economic policies on cost reductions. This approach is more valid in product markets with high price elasticity.

## **Structural Approach**

This approach considers technology as endogenous and crucial to determining the dynamic comparative advantages. The structural approach indicates that efforts should focus on productivity and the incorporation of technological developments, something that is not always possible by means of cost reductions or devaluations.

- On the way to increasing competitiveness of the national economy, it is known that today we live in a period when the world market conjuncture has changed dramatically, competition in the conditions of globalization has increased. In such complex conditions, such important tasks as ensuring macroeconomic stability, maintaining a high level of development, increasing the competitiveness of the national economy, achieving the purchasing power of manufactured national products, increasing the income of the national currency are being implemented in our republic. It is known that fighting means defending one's own interests, overcoming an opponent, as well as trying to win, using various means and methods. Goods, on the other hand, cannot directly change their competitiveness characteristics in the competitive process, that is, they cannot fight. Their participation in this process is passive. In the current market economy, the following main tasks of competition can be distinguished:

- 1) regulatory function;
- 2) resource placement task;
- 3) innovative task;
- 4) customization function;
- 5) distribution function;
- 6) Control function;

## **Results and Discussion**

The implementation of measures to create an effective competitive environment indicates:

- a) maximum elimination of any manifestations of State monopolism in the economy. This requires deep institutional reforms aimed at creating relatively favorable conditions for the development of entrepreneurship and improving the system of state management of the economy;
- b) the Prevention of the possibilities of the monopolies arising in market conditions to abuse their dominant positions in the market. Without it, it is impossible to achieve effective innovation, low costs and prices, high product quality, in other words, to increase the competitiveness of the entire economy.

### **Non-price competitiveness**

Non-price competitiveness refers to how well UK exports of branded goods and services do in overseas markets in aspects of competition not associated with price, such as:

- Product quality and design.
- Business Research and Development, especially new product development
- Product reliability
- The strength or weakness of 'local' brands

- The effectiveness of marketing in overseas markets
- Levels of productive and dynamic efficiency of firms.
- Levels of 'x' inefficiency, including poor management, excessive bureaucracy, and government failures.
- How effective the economic and political system is in allowing markets to form – are there missing or incomplete markets?
- Investment in new technology, which helps improve quality and reliability
- Investment in human capital, which improves skill levels and reduces skill shortages – low skills, and labour shortages, can both seriously reduce competitiveness.

## Competition in the product market

The level of competition in product markets raises innovation and productivity for three reasons:

- Entry or the threat of entry into a market forces incumbents to become more efficient and innovate.
- Entry and exit forces firms with low productivity to leave the market.
- Incumbents may copy the more efficient and innovative new entrants.

## Hypothesis

Another way to think about what makes a country competitive is to consider how it actually promotes our well-being. A competitive economy, we believe, is a productive one. And productivity leads to growth, which leads to income levels and hopefully, at the risk of sounding simplistic, improved well-being.

## Conclusion

Increasing competitiveness of manufacturers in global services markets leads to the development of the economy. "The formation of an effective competitive environment for the sectors of the economy and the gradual reduction of monopoly in the market of products and services; in principle, it is necessary to pay more attention to the transformation of new types of products and technologies, on the basis of which to ensure the competitiveness of national goods in the domestic and foreign markets".

## References

1. Peter Karl Kresl and Daniele Ietri. Urban Competitiveness: Theory and Practice. 2014
2. Knut Ingar Western, Hanas Cader and etc. Competitiveness and Knowledge: An International Comparison of Traditional Firms. 2018
3. William Philip Wall. Global Competitiveness: Ten Things Thai Businesspeople Should Know. 2022
4. Mary Lindenstein Walshok, David B. Audretsch. Creating Competitiveness: Entrepreneurship and Innovation Policies for Growth. 2013
5. Paul Krugman. Competitiveness: An International Economics Reader. 1994
6. Eskil Ulberg Editor. New Perspectives on Internationalization and Competitiveness: Integrating Economics, Innovation and Higher Education. 2014
7. Michael Porter. The Competitive Advantage of Nations. 1989.