

Umarov Saidvali,
Associate Professor, Ph.D. in Economics,
Alfraganus University
Department of Economics,
Tashkent, Republic of Uzbekistan

ISSUES OF INCREASING THE COMPETITIVENESS OF THE REGIONAL ECONOMY

Abstract: The article presents a study on competitiveness in regional economy. The author provides an overview of the factors influencing regional competitiveness and proposes a model for its measurement. The conclusion of the article offers several recommendations for enhancing competitiveness.

Keywords: competitiveness, regional economy, factors, model, measurement, recommendations.

Умаров Саидвали,
доцент, кандидат экономических наук,
Университет Альфраганус
Кафедра экономики,
Ташкент, Республика Узбекистан

ВОПРОСЫ ПОВЫШЕНИЯ КОНКУРЕНТОСПОСОБНОСТИ РЕГИОНАЛЬНОЙ ЭКОНОМИКИ

Аннотация: Статья представляет исследование конкурентоспособности в региональной экономике. Автор обзорно рассматривает факторы, влияющие на конкурентоспособность регионов, и предлагают модель для ее измерения. В заключении статьи дается несколько рекомендаций для улучшения конкурентоспособности.

Ключевые слова: конкурентоспособность, региональная экономика, факторы, модель, измерение, рекомендации.

In the modern world, characterized by intensive development of globalization and growth of economic competition, issues of increasing competitiveness of regional economies are becoming especially relevant. Competitiveness of the regional economy is a key factor in its sustainable development, contributing to the attraction of investments, creation of new jobs and ensuring a high standard of living for the population.

Modern regional development is not always accompanied by improvements in living conditions and social indicators. In practice, the economic interests of business entities, various branches of material production and the social interests of the population of the regions and society as a whole often do not coincide. According to N.V. Khilchenko and V.P. Anufriev, the following problems of regional development are widespread [1]:

- weak scientific and technical level of production;
- limited financial, labor and material resources, low efficiency of their use;
- low level of labor organization, imperfect management and business law standards.

Their consequence is a comprehensive deterioration of the regional economy, manifested in the growth of negative phenomena in the natural environment, a decrease in the socio-economic and production potential of the regions and, as a consequence, a decrease in the population's income and an increase in poverty. Over the same period, an increase in the differentiation of the population's income is observed, which indicates the stratification of society and social tension.

As our research shows, the sharp decline in real incomes of the population and the growth of poverty during the period of reforming the Russian economy were significantly influenced by such a factor as the strengthening of interregional differentiation in the level of economic, industrial and social development due to different starting conditions and specifics of the regions. The reduction of poverty

of the population in the regions by 75% is influenced by an increase in labor productivity and by 60% in capital productivity, and investment activity in the region is also of no small importance.[2]

Leveling interregional and intraregional differentiation is a priority task for regional development. It is known that the existing gap in their development complicates the implementation of a unified policy of socio-economic reforms and the formation of a national market. In addition, the risk of regional crises and interregional conflicts increases. The regional aspect of poverty, in our opinion, is determined by two types of factors characterizing the heterogeneity of the economic space - absolute and relative.

The severity of regional differentiation in the economy of the transition period is also increased as a result of the contradiction between the inertia of the distribution of material elements of national wealth (natural resources, capital, labor) and the increased dynamism of the economic conditions of production. As a result, disproportions arise between regions.

When analyzing the main subjects of the region, it is necessary to add the following: it is impossible to count on a reasonably high competitiveness of the region if the main balances of political, social and economic nature are not adjusted. In this regard, it can be confidently stated that the main level of ensuring competitiveness is macroeconomic, which determines the main conditions for the functioning of the entire economic system in the region.

In our study, the region is presented as a commodity that has its own price. It is important to highlight that after the macroeconomic level, the mesolevel comes in importance, where the development prospects of industries in the region are formed, covering a group of enterprises. At the micro level, competitiveness seems to acquire its final, concluding form in the form of the ratio of price and quality of goods. This ratio depends on the conditions formed at the previous two levels, and the personnel of enterprises, their ability to use both their resources and comparative and industry advantages. Taking into account the above, the following

definition is proposed: the competitiveness of a region is an economic category that characterizes its position relative to regions - competitors in the domestic and foreign markets and is expressed through certain indicators.

Theoretical researcher in regional economics A.Z. Seleznev interprets the competitiveness of a region as "...the position of a region and its individual producers in the domestic and foreign markets, determined by economic, social, political and other factors, reflected through indicators that adequately characterize its condition and dynamics" [3]. Competitiveness can be defined as the ability to create conditions for the sustainable development of a region. The two concepts - "regional competitiveness" and "regional sustainability" - are interconnected and interdependent, since the first is the main indicator of the second. The higher the level of competitiveness of a region, the higher the degree of its sustainability.

To assess the factors of development of regional competitiveness and the possibility of influence of the regional administration on its components, it is advisable to use the model of the "national diamond" proposed by M. Porter. According to his model, the role of the region in creation of competitive advantages can be studied in four interconnected directions (determinants) forming the "regional diamond": parameters of factors (natural resources, qualified personnel, capital, infrastructure); conditions of demand (income level, elasticity of demand, buyers' exactingness to the quality of goods and services); related and supporting industries (providing enterprises with the necessary resources, components, information, banking, insurance and other services); strategies, their structure and rivalry (they create a competitive environment and develop competitive advantages). Based on this model, the author proposes a scheme of the "regional diamond" by four main parameters under the influence of the internal and external environment affecting the development of competitiveness in the region.

Here, each of the parameters is interconnected and interacts in the internal environment of the region, characterized by the degree of their impact on the

competitive advantage of the region and its further development. The development of competitiveness can be analyzed by the following four stages based on [4]: production factors; investments; innovations; wealth.

Having considered the parameters of the factors, it is necessary to trace how the competitive advantage of the region is ensured at various stages:

- at the first - due to the factors of production: natural resources, favorable conditions for the production of goods, human resources - skilled labor (ensured by one determinant);

- the second - based on investment (mainly by enterprises in the region) in education, technology, licenses (ensured by three determinants);

- the third - due to the creation of new types of products, production processes, organizational solutions and other innovations through the action of all the components of Porter's "diamond";

- the fourth - due to the already created wealth and relies on all the determinants that are not fully used.

In modern market conditions, it is advisable to take as a basis the level of investments with subsequent transition to innovative development of the region. Today, there is an objective need for innovative "filling" of investments attracted to the region.

Scientific knowledge, education, factors of production development and formation of innovative potential are of no small importance in creating a competitive advantage of the region. The first three stages provide economic growth, the last one causes stagnation and decline in the region. It seems possible to take as a basis the criteria characterizing the level and quality of life of the population when determining the competitiveness of the region: income level, education, health care, environmental situation.

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