

# Modern trends in the formation of the international competitiveness of the national economy

## Tendencias modernas en la formación de la competitividad internacional de la economía nacional

BAIBULEKOVA, L.F. [1](#); SAURANBAY, S.B. [2](#); KENZHEBAEVA, Z.S. [3](#); BEIMBETOVA, A.E. [4](#); KENZHALINA, Zh.Sh [5](#)

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#### ABSTRACT:

The modern development of the world economy and especially globalization of the world economy, the increased interdependence of economies, the formation of global commodity and financial markets have led to increased interest in the problem of increasing international competitiveness in the countries included in these processes. The issues of competitiveness at the level of the economy come to the forefront of issues of national importance in terms of their relevance, since they are closely linked to the achievement of a dynamic economic development of the country and an increase in the standard of living of its population

**Keywords:** world economy, modern tendencies, competitiveness, formation

#### RESUMEN:

El desarrollo moderno de la economía mundial y especialmente la globalización de la economía mundial, la creciente interdependencia de las economías, la formación de los mercados mundiales de productos básicos y financieros han llevado a un mayor interés en el problema del aumento de la competitividad internacional en los países incluidos en estos procesos. Las cuestiones de la competitividad a nivel de la economía ocupan un lugar destacado en cuestiones de importancia nacional en cuanto a su pertinencia, ya que están estrechamente vinculadas al logro de un desarrollo económico dinámico del país y un aumento del nivel de vida de su población

**Palabras clave:** economía mundial, tendencias modernas, competitividad, formación

## 1. Introduction

The issues of determining the level of competitiveness of the national economy and developing

measures to improve it have become particularly relevant after the global financial and economic crisis has brought about fundamental changes both in the dynamics of the world economy and in the economic development of a large number of countries, including those related to the largest economies, which, in turn, affects the development of the world economy.

The changes that took place, accordingly, had a noticeable effect on the level, the competitiveness of many countries of the world, as a result of which significant changes occurred in the ratings compiled on this indicator. In addition, the consequences of the global financial and economic crisis brought to life the process of adjusting the methods of calculating the competitiveness index, which, as it turned out, did not take into account the factors affecting the ability of the national economy to produce goods and services that are competitive in the world market, while improving the well-being of its citizens.

Some changes that take into account these transformations have already been included in the published studies in the years following the crisis, but it is to be expected that later these techniques will undergo much more significant changes.

Currently, important for most countries of the world the problems of studying which economies will occupy the tops of the competitiveness rating in the future and which ways of increasing competitiveness for a particular economy will be most effective, are being addressed in the changing conditions of the functioning of the entire world economy. Thus, each country, in a situation where there is no common opinion on which path the future world development will follow after the end of the financial and economic crisis, should develop a strategy for increasing national competitiveness in this uncertain future. To postpone the solution of this issue to the post-crisis time, when the main trends in the further development of the world economy will be revealed, since the problem of increasing competitiveness is closely connected with the solution of the most important issues for the development of any country-sustainable economic and social development and the achievement of a high standard of living for the population.

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## **2. Discussion**

Despite the fact that the study of international competition issues has a long history, interest in this problem has escalated in recent times, as most of the world's economies have been involved in intense competition. Currently, the most prominent economists and major international institutions are engaged in competitiveness issues, which are assisted by national institutions of more than 100 countries of the world, the list of countries whose competitiveness is evaluated includes the majority of countries in the world where more than 90% of world YDP is produced.

The observed continuous changes in both the essence of the notion of "international competitiveness" and the methodology for calculating this indicator are due to the fact that the active development of the theory of competitiveness at the macro level has been occurring in recent years. The bulk of existing modern research is based mainly on close principles of calculating the level of competitiveness and ranking countries in accordance with this level. At the same time, the main differences in the studies are manifested in the formation of a set of factors affecting the level of competitiveness of the country, assessing the strength of this impact, i.e. the level of weight factors, as well as the number of indicators that determine them, and the number of countries included in the research, which is due to the imperfection of the theoretical basis. In addition, modern methods of determining the indicator in question also take into account all the main trends in the development of the world economy, computer and Internet technologies, the progressive development of statistics in countries and the latest achievements of economic theory.

This article explores not only the levels and dynamics of changes in the competitiveness of a number of countries, but also the structure of this indicator. At the same time, the sharp,

unjustified changes in the level of competitiveness of individual countries noticed by the author in the process of research and the absence in the economic literature of the final qualitative and quantitative definition of the concept of "competitiveness of the economy" led to an understanding of the need for a detailed study of the methodological foundations, macrolevel.

As a result, the work done by the author reveals the main changes in the theory of competitiveness at the present stage and draws conclusions about the incompleteness in the theory of competition of methodological work on the comprehensive disclosure of the notion of "international competitiveness".

The analysis of existing methods allowed the author to select for the most detailed study the most complete and valid methodology used by the World Economic Forum. Despite a number of serious shortcomings revealed in it, it was concluded that it could be used to determine national competitive advantages and to develop strategies for increasing competitiveness in individual countries.

The timeliness of the methods of determining international competitiveness, their dynamic and structural analysis, as well as consideration of the development of competitive advantages and levels of competitiveness of countries exporting resources, has a practical component.

First, it allowed to identify the main competitive advantages of the national economy and its shortcomings, to explain some controversial conclusions of foreign experts about the lagging of national competitiveness by the imperfection of the modern theory of competitiveness at the macro level.

At present, there are not so many scientific studies concerning the methodological problems of measuring international competitiveness and determining the factors affecting it.

At the same time; work on some aspects of national competitiveness and strategies for its improvement are much greater.

Economic foundations of the theory of competition were laid even in times of mercantilism and developed by the classics of political economy A. Smith and D. Ricardo. Theoretical foundations of the theory of competition developed P. Drucker, R. Solow I., Schumpeter. The works of M. Porter, M. Piebro, P. Lindert, as well as the works of J. Bhagwati, J. Williamson, D. Kaufman, A. Lopez-Carlos can be regarded as fundamental works devoted to the methodological issues of international competitiveness, which served as the theoretical basis for the thesis. , R. Laillard, A. Nammond, N: Rubini, K. Rogoff, B. Setser, N. Eberstad.

Separate issues of international competitiveness and key interrelations were touched upon in the works of a number of foreign specialists, such as B. Ballas, J. Galbraith, P. Krugman, J. Marshall, B. Olin, J. Sachs, J. Stiglitz, I. Fisher, Heckscher. When studying foreign experience, theoretical researches of researchers were used not only in the field of competitiveness, but also on topical issues of the world economy, the processes of globalization and scientific and technological progress that directly influence the theory of international competitiveness. Among them, the works of such authors as Avdokushin E.F., Bulatov, A.C., Davydov, V.M., et al.

The works of these authors and organizations have become the starting points for comprehending and scientific analysis of the methodological problems of assessing international competitiveness and developing an algorithm for raising it.

The main goal of the work is to determine the essence of the modern understanding of the competitiveness of the economy, the features and factors affecting it, both external (from the world economy and internal) directions of development of the theory of competitiveness, as well as the development of the author's concept of assessing the competitive advantages of the economy, developing through the use of natural resources , and the definition of the most effective strategy for raising the level, competitiveness.

The work is also aimed at systematizing historical and new theoretical approaches to the analysis of competitiveness at the macro level and existing applied methods for calculating international competitiveness.

Achieving this goal predetermined the need to solve the following problems that consistently reveal the topic:

- Identify the main stages of development, international competition and characterize the main events in the development of the world economy, which had the strongest impact on the modern development of the theory of the competitiveness of the economy. Summarize the theoretical concepts of international competitiveness and theoretical approaches that exist in international practice to determine the competitiveness of the economy. Identify the shortcomings of the modern methodology for calculating the index of the international competitiveness of the economy.

To consider the theoretical origins of the problem of international competitiveness and to analyze how the development of economic theory as a whole affected the transformation of the theory of the competitiveness of the economy and the methods for determining it.

- To determine the direction of further development of the theory of international competitiveness under the influence of recent changes in the world economy.
- To indicate the degree of influence on the international competitiveness of changes in the main external and internal factors. To study the basic mechanisms of the transmission of external impulses to the domestic economy and competitiveness, on the example of the impact of changes in the terms of trade on economies with different levels of development of competitive advantages.

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### **3. Methods**

Theoretical and methodological bases of research. The methodological basis of the study was the system-structural analysis. The research is based on laws, principles and categories of dialectical logic: the unity of the historical and logical, the unity and distinction of form and content, the unity and struggle of opposites.

Approaches and positions of institutional and evolutionary economic theories were used in the work. The theoretical basis was the work of foreign and Russian economists, philosophers, sociologists, political scientists, lawyers, historians-specialists in the field of the theory of international competition, empirical economic studies of foreign and domestic specialists, studies of international organizations, and regional and international research projects.

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### **4. Analysis**

#### **4.1. Evolution of the theory of international competitiveness**

Analysis of the activities of the economy as a whole and of individual producers is one side of the issue of competitiveness analysis. The point is that with relatively equal scientific, technical, economic, social and other achievements of a particular country, the level of its international competitiveness may increase, fall or remain unchanged, as much depends on the rate at which the development and successes are achieved for the comparable period of the economies of others countries, as well as the global economy as a whole. This means that when determining the level of competitiveness, it is important not only the growth rates and qualitative changes in the country's economy, but also the dynamics of changes in the economies of other countries. Thus, we are talking about the fact that competitiveness is comparative or relative, not absolute.

Since competitiveness can only be determined by comparing an economic object with an analog competitor, it is natural that when measuring its level for the national economy, industries, firms or individual goods, they resort to comparison with the corresponding objects. In the case of measuring the competitiveness of national enterprises and goods / services, their ability to weight and competitive in order to be successful in the market can be assessed both by comparison with foreign enterprises, goods or services, and with national ones.

Another characteristic of competitiveness, closely related to the previous one, is its dynamism and the relative speed of the processes that affect its change. There are a huge number of factors (internal and external) that affect the change in the competitiveness of firms, industries, their groups and economies in general. Some factors can be attributed to the factors of long-term impact, others are short-term in nature, and still others are casual or one-off. The effect of some factors increases, others - it weakens or ceases altogether. All these features create additional difficulties in assessing the level of competitiveness, and its changes.

**Table 1**  
Key factors of competitiveness for each stage of economic development.

<b>Development at the expense of factors</b>	<b>Development through efficiency</b>	<b>Development through innovation</b>
Institutes	Institutes Higher education	Business development
Infrastructure	Efficiency Product Market	Innovation
Macroeconomic environment	Labor market efficiency	
Healthcare and primary education	Financial market development	
	Technological readiness	
	Market size	

Resource: The Global Competitiveness Report 2014-2015.  
World Economic Forum. Geneva, Switzerland. 2014. P.9

The concept of competitiveness is applicable to various subjects of economic activity, for example, to firms or branches, to countries, and also to the produced separate goods. Therefore, one can approach the analysis of the problem of competitiveness at different levels - at the macro level (the level of the entire economy), at the level of industry, at the sectoral level or the level of clusters, at the level of the firm and a separate commodity. The level approach proposes using a certain range of indicators for each level of analysis, and on their basis to make a comparison. When forming a system of indicators that characterize the competitiveness of a commodity, a combination of its quality and cost characteristics that ensure the satisfaction of a specific customer's need is taken into account. Competitive is the goods, the complex of consumer and cost characteristics of which determines its success in the market, i.e. the ability of this product to be sold on the market in conditions of a significant offer to sell other competing analog goods. Goods with unique consumer properties that do not currently have competing analogues have the highest level of competitiveness.

Competitiveness of goods is a synthetic indicator that reflects the outcome of many factors: the efficiency of the work of designers, the production activity of the enterprise and its subcontractors, the work of marketing organizations in the sale of goods on the market. But the competitiveness of a commodity in a competitive market is not only its high quality and technical level. This is a skilful promotion of goods in the market space, and most importantly - maximum consideration of market requirements and specific groups of consumers. The manufacturer of the product must respond flexibly to the market situation, the requirements of customers and the behavior of competitors. The goods accepted by the market must not only be produced in necessary quantities and delivered on time to sellers and buyers, but such a level of service that has developed in world practice must be guaranteed.

There is a close relationship between the concepts of competitiveness and quality, competitiveness and technical (or techno-economic) level. However, these concepts are not identical. The notion of competitiveness is much broader, since quality and technical and economic characteristics are an integral part of the competitiveness of the goods. For example, the quality of a commodity at a certain point in time remains unchanged, and competitiveness may change due to the impact of external factors such as changes in terms of sale, demand and supply, strengthening or weakening competition from similar products, etc. Thus, the level of success of a certain product on the market is affected both by its own characteristics and by a number of external forces, so do not forget that the product, even with excellent technical and economic characteristics, but not sold on the market will not be competitive.

The competitiveness of an individual enterprise or firm depends not only on the quantity of competitive goods produced. The range of indicators, which assess the success of the company in the competition is much broader. In addition to the internal characteristics of the company or enterprise itself, external factors such as the share of this firm's products in the domestic and world markets or the number of main competitors are also taken into account. Thus, the assessment of the firm's competitiveness includes groups of indicators that determine the company's production and innovation potential, the financial stability of the enterprise, the efficiency of commodity distribution networks, and the state of the competitive environment.

In general, modern research places considerable emphasis on the competitiveness of firms as one of the cornerstones underlying the competitiveness of the national economy. In particular, the definition of the competitiveness of the entire economy is based on the methodology of the World Economic Forum considered below in the work on the basis of determining the level of competitiveness of firms and the environment that forms it. In addition, in modern methods, a significant number of indicators used to determine the competitiveness of the national economy, refers to the indicators characterizing the activities of firms.

The assessment of the competitiveness of groups of enterprises within the same industry or in a more extended version, taking into account related enterprises and suppliers (grouped into a cluster) is based on the use of such indicators as net exports of the group under consideration, the share of imported analogue products in the domestic market, the share of the industry (cluster) in the world production of this type of product, net income per employed person, number of employees, sales volume, etc. Clusters will be discussed in more detail within the framework of the description of the contribution to the study of the competitiveness of the founder of the theory of clusters, M. Porter, and the modern interpretation of the theory of clusters for numerical estimates of the competitiveness of the national economy.

## **4.2. Transformation of internal factors of competitiveness under the influence of changes in external conditions**

In the beginning, the evolutionary development of the theory of the competitiveness of the economy was considered, reflected primarily in the transformations of the definitions of the subject under consideration. In addition, the absence in the modern world economic thought of a single concept of the competitiveness of the economy indicates that in the future the evolution of the theory will continue. This will be connected both with the further development of economic thought and theoretical research, and with the development of the world economy and the genesis of the main factors of the international competitiveness of economies.

As has been said in recent decades, during the rethinking of the conceptual apparatus and the foundations of the theory of competition, contours of a new paradigm of competitiveness and managing the competitive advantages of nations are being created. It is based on improving the welfare of nations and the ability of economies to achieve sustainable economic growth.

The creation of a new model of the competitiveness of the economy is mainly caused by a change in external factors of competitiveness, conditioned by modern world economic development. Among these factors, globalization of the world economy, the development of the

features of the new information society, closely related to the development of scientific and technological progress and new opportunities for them, especially in the sphere of empirical testing of existing hypotheses, the strengthening of the influence of state regulation are the most significant factors in terms of impact on the theory of competitiveness and management in changing conditions, as well as the new role of international organizations.

The last factor that significantly influenced the transformation of the theory of competitiveness was the global financial and economic crisis, which caused both a reassessment of the understanding of the role and significance of a number of internal factors, and a change in the characteristics of general approaches to measuring the competitiveness of the economy, which in the future will lead to new evolutionary changes in the methods of evaluation of this indicator.

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## **5. Conclusion**

The paper highlights one of the most important modern problems of world development - the problem of national competitiveness. The globalization of the world economy, which led to the strengthening of the interdependence of economies and the formation of global commodity and financial markets, exacerbated competition between countries and had a strong impact on understanding the essence of national competitive advantages. In addition, the issues of national competitiveness are closely linked with the achievement of the country's dynamic economic development and raising the standard of living of its people.

The article deals with the main issues related to the methodology and methods for determining and measuring the international competitiveness of the economy, and analyzes the foundations that led to the emergence and development of the theory of the competitiveness of the economy. The scientific systematization of theories-competitive advantages has been carried out and historical periods have been determined that determined the development of the theory in the directions dictated by changing economic conditions.

A comparative analysis of different views on the theory of competition and the approaches of representatives of various scientific schools and trends to the assessment of nature and the essence of competitive advantages is carried out. On its basis, the lack of the dominant definition of competitiveness for many years has been shown only on the basis of advantages in foreign trade or analysis of labor productivity. The modern theory of competitiveness is based on indicators characterizing the level of welfare of nations and the ability of the economy to achieve sustainable economic growth.

The paper presents a whole range of definitions of competitiveness in dialectical order. The above definitions illustrate both the development of the theory itself and the absence in the world economic thought of a single concept and a unified approach to the definition and, consequently, the measurement of the competitiveness of the economy.

The main external and internal factors of competitiveness are considered, author's understanding of the concept of "competitiveness" is given. One of the first methods of calculating national competitiveness appeared and contributed to M. Porter's theory of international competition (an approach based on the "theory of clusters" and "competitive rhombus", as well as the classification countries in the stages of development of competitive advantages). The author proves the prospects of the approach to the study of the countries of the world on the basis of the application of the stages of development of competitive advantages and the basic index of competitiveness. The high analytical significance of this classification is due to the complexity of building an index of competitiveness and taking into account the different characteristics of both economic and socio-political each of the countries included in the study.

Conducted in a structural and dynamic analysis of the current methodology used by the World Economic Forum to assess the level of comparative competitiveness, it was possible to conclude that the theory of national competitiveness continues to evolve and to identify the main trends

of its change in the medium term. The composite indices of the competitiveness of the economy for the entire period of the development of the theory are presented, systematized and analyzed by elements. The continuity of the indices and their main structural changes were tracked, reflecting a serious modification of views on the fundamentals of competitive advantages and the evolution of the theory of competitiveness.

Also, the indicators used in the formation of a quantitative assessment of the national competitiveness of the countries included in the study were studied in detail. Significant changes in the list of indicators used in calculating the level of competitiveness and rating are revealed. Based on this, assumptions are made about possible transformations of the model composition of competitiveness indicators in the future.

Within the framework of the analysis of the competitiveness of the countries exporting energy resources, the present state of the world market conjuncture is reviewed. For the economies of the countries, the most serious shock is the dramatic and significant change in the terms of trade that accompanied the change in the world market situation. A sharp change in the world market situation at the end of the millennium led to serious changes in the group of countries whose economy is based on oil exports. At the same time, the strength of the impact of the conjuncture on different countries of this group varied greatly depending on the structure of the competitive advantages of individual countries.

In general, a greater degree of dependence of the competitiveness of countries on changes in the world oil market was manifested in countries with a large share of energy resources in exports from the level of prices for exported goods, but the strategies that reduce this dependence, including those aimed at increasing the level of development of competitive advantages and achieving an optimal composition of competitiveness factors.

To develop a national Strategies to improve competitiveness in countries that depend on the state of the world's commodity markets must also take into account external factors, including changing terms of trade.

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1. PhD, Associated professor
  2. PhD, Professor
  3. DES.
  4. PhD
  5. CES., Professor. Email: [Zhanat\\_2006@mail.ru](mailto:Zhanat_2006@mail.ru)
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