

# The Foreign Experience of Increasing the Competitiveness of Service Enterprises In The Conditions of the Innovative Economy

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**Annotation:** In this article, the authors have studied and analyzed the experiences of foreign countries in increasing the competitiveness of service enterprises, as well as suggestions and conclusions about the possibilities of use in Uzbekistan.

**Key words:** GDP, service, service provision, competition, competition theory, competitiveness, competitive strategy.

**Enter.** The expansion of the world economy in the context of the development of the innovative economy has its effect on the changes in the composition of the gross domestic product of countries based on the developed market economy. At present, the contribution of the service sector in the structure of the gross domestic product, which is created to include a certain country among the developed countries, is higher than 65%. In economically developed countries, the share of the service sector in the GDP is 65-80% [13], and the funds spent on investing in science and innovative activities are 3.0% of the GDP. Also, 40.0% of the volume of direct investments in the countries of the world corresponds to the service sector [14].

During the decades of the last century, the accumulated experiences of foreign scientists of various schools reflect a huge storehouse of theoretical and practical research, influencing the whole world and especially the development of economic ideas in the present era. This is primarily due to the fact that these experiences are successfully applied in the economic policy of many foreign countries that are an influential force in the world economic arena. In particular, the President of the Republic of Uzbekistan "... there are tasks that cannot be delayed to further reduce the negative impact of the monopoly of economic entities with state participation on the competitiveness of the economy, to increase the efficiency of the system of granting privileges and preferences, as well as to reduce the regulatory burden on business entities" [1]. Therefore, studying the experiences of foreign countries, in our opinion, if properly adapted to the conditions of Uzbekistan, can be strategically necessary to increase the level of competitiveness of local enterprises and the country. We therefore conduct a mega-level analysis based on gross domestic product (GDP) indicators and competitiveness indicators for a number of developed countries to provide a clearer picture of global trends. For this purpose, we use the World Economic Forum [8] (JIF, Davos) and International Management Development Institute [9] (XMRI, Lausanne) rating data.

**Analysis of the literature on the subject.** The increase or decrease in the share of the main sectors of the modern world economy is characterized by constant structural changes. The most rapidly

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developing sector in the world's leading countries is the tertiary sector. The increase in the share of the tertiary sector (or the service sector) in the structure of the gross domestic product reflects the transition of the economy of developed countries to the post-industrial stage and helps the economy of developing countries to gain a stable position in the world community. In developed countries such as the USA, Great Britain, Germany and Japan, 70% of GDP corresponds to the production of services, a large share of capital investments, as well as a large amount of various intangible assets.

American economist M. Porter avoided looking at large industries dependent on natural resources in his studies of the competitiveness of countries because he believed that such industries were not the basis of economic development. According to him, "the heart of the economy is small cellular companies." Also, M. Porter puts forward the cluster approach in the economy and states that the existence of flexible business structures that allow the formation of innovative "growth points" of small and medium-sized businesses in the cluster and the competitiveness of large companies are largely determined by the competitiveness of their economic environment [2].

**Research methodology.** During the research, the methodology of assessing the competitiveness of service enterprises was studied, the factors affecting competitiveness were analyzed, and conclusions and proposals were developed. Comparative analysis, analysis and synthesis and comparison methods were used in the research.

**Analysis and results.** We believe that flexible business structures in this economic system are service enterprises. Service enterprises join the re-production process as an intermediate link, gathering scientific knowledge and best practices in technology, management, labor organization and other fields, and forming an intangible infrastructure that ensures the diffusion of innovations throughout the economy.

In the following years, we will compare and analyze the leading countries of the world and their share in the service sector in the form of a table (Table 1):

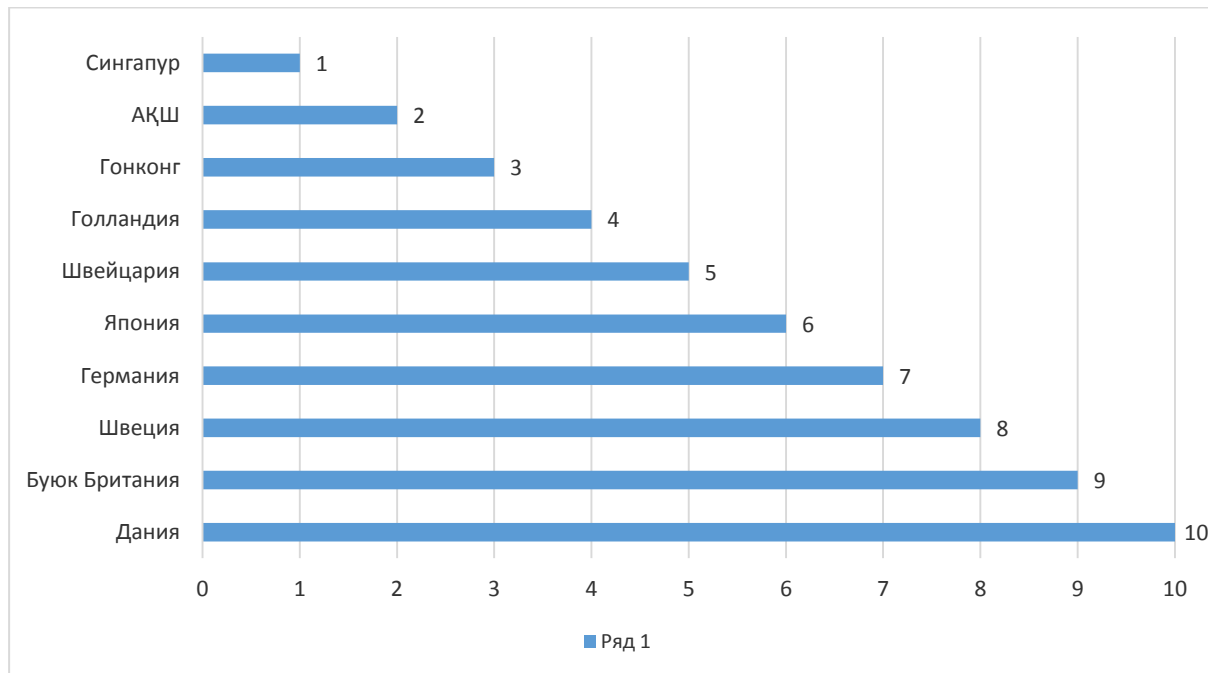
**During 2014-2019, the dynamics of the share of the service sector in the GDP of a number of countries [12]**

**Table 1**

№	The country	The share of the service sector in GDP (%)					
		2014 y.	2015 y.	2016 y.	2017 y.	2018 y.	2019 y.
1	USA	78%	77%	77%	77%	78%	78%
2	Great Britain	69%	71%	71%	71%	71%	71%
3	Germany	67%	67%	68%	68%	69%	69%
4	Japan	70%	69%	69%	68%	69%	69%
5	Russia	62%	61%	61%	62%	62%	62%

The data of Table 1 shows that the share of the service sector constitutes the largest part of the gross domestic product. There are significant changes in the level of development of the service industry in the group of leading countries of the world with a high GDP.





**Figure 1. 2019 JIF countries competitiveness rating [8]**

For the first time since 2010, Singapore's economy has become the world's most competitive. Singapore's economy has grown to a higher level thanks to its advanced technological infrastructure, health care, the availability of skilled labor in the labor market, favorable immigration laws, and especially effective methods of establishing new service enterprises.

The US has been the most competitive country for years, and the largest number of businesses are in the service sector. This country is the largest trading country in the world, especially the trade in financial, real estate and insurance, consulting, information and audit services is developing at a high level. In addition, other forms of trade in services are also developing steadily:

- the flow of migrants to the country, the flow of migration of service providers as specialists in the field of new technologies, business, professional and business services is constantly increasing;
- the number of consumers of foreign services in education, healthcare, tourism, etc. is increasing [11].

Enterprises in the US service sector often have a small business structure, their emergence is mainly supported by an economically active population with a high level of education, and later forms a family business that brings stable income. These are the so-called "standard of living" firms that ensure a decent standard of living and well-being for certain groups of the population [4]. In America, the owners of small and medium-sized firms are sometimes also managers of their enterprises, therefore, they do not always have specialized knowledge, but they have the ability to attract talented workers and delegate authority, which ensures the stability and competitiveness of small and medium-sized firms. .

Hong Kong's economy is dominated by the service sector. The service sector consists of companies of various sizes: domestic and foreign, including multinational corporations (MNCs), and is attracting interest because of the many opportunities in the service sector. The main economic activities that have made Hong Kong a major global financial center are financial, insurance, trade, tourism, retail, real estate, transportation and investment services [5]

The service sector is the dominant sector of the economy in Great Britain. The most important sectors that have contributed to the development of the industry are tourism, business services,



financial and trade services, health and social services [10]. The service sector of Great Britain provides employment for the majority of small businesses and, accordingly, for the population of the country.

Japan is one of the leading countries in the field of scientific research, high technology, biomedicine and robotics. Banking services, business, household, retail trade and tourism, transport and communications play a major role in the Japanese economy [10]. Many medium and small enterprises in the field of service in the territory of the country are inextricably linked with enterprises of other industrial sectors and economic groups.

The most profitable service industries for Germany are tourism, banking and financial services. Foreign economic relations play a key role in the economy of this country. Germany is a country with few natural resources compared to other developed countries, and its economic power has been created through an increasingly close integration with the world economy due to foreign trade [6]. The country's small and medium-sized businesses are mainly concentrated in the service sector, accounting for almost 50% of all businesses.

Also, the main directions of the service industry in the countries we are studying and analyzing are as follows (Table 2):

1. Tourist services.
2. Trade area.
3. Technology.
4. Financial services.
5. Educational services.

#### **The main directions of the service sector in the world**

**Table 2**

<b>№</b>	<b>Tourism</b>	<b>Trade</b>	<b>Technology</b>	<b>Finance</b>	<b>Education</b>
<b>1.</b>	USA	USA	USA	USA	USA
<b>2.</b>		Germany	Japan	Great Britain	Great Britain
<b>3.</b>	Great Britain	Russia	China	Japan	
<b>4.</b>	Germany	China	India	Germany	China

**Conclusions and recommendations.** Based on the experiences of foreign countries, we can conclude that service enterprises in our country should adopt the experiences of developed countries and pay attention to the need for the development of the country and regions to enter the innovative stage.

In order to achieve the sustainable development and competitiveness of enterprises in the field of services in the conditions of the development of the innovative economy, it is necessary to study and analyze the priorities, practical foreign experiences and the opinions of scientists of various schools (Singapore, USA, Great Britain, Germany, Switzerland, Japan, and Russia). would be appropriate.

Therefore, in order to increase the competitiveness of service enterprises in our country, the main services are financial, insurance, trade, tourism, retail, real estate, educational services, household services, transport logistics and investment services, in addition to highly developed technological infrastructure, skilled workforce in the labor market. , in particular, it is necessary to develop effective



methods of organizing new service enterprises and an organizational-economic mechanism that ensures an environment of free competition between them.

By creating new vacancies, improving investment, tax, monetary and scientific and technical policies and increasing the competitiveness of service enterprises using new information and communication technologies, it is possible to ensure more stable economic growth of the economy, to make qualitative structural changes in the network structure of market services. This makes it possible to form a rational structure of production and consumption of services in the country and to ensure further increase of the competitiveness of enterprises.

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