

## Criteria and Principle of Capability

*Ishimbaev Rafael Nailevich<sup>1</sup>*

**Abstract:** The article discusses the processes and ways of development of small and private businesses, as well as the impact of the competitiveness of small and private businesses on the development of the country's economy.

**Key words:** competitiveness, small business, entrepreneurship, functions, development, economic stability, development factors, conditions for the development and competitiveness of business.

It is known from the experiences of socio-economic development that the country's economy can develop stably and proportionally only if an excellent economic policy is developed and consistently implemented, taking full account of the objective laws of its development, economic potential and opportunities, national values and characteristics, and spiritual wealth.

Today, the experience of many developed and leading countries in the world economy clearly proves that to achieve competitiveness and access to world markets, first of all, consistent reform of the economy, structural change and deepening of diversification, rapid development of new enterprises and production sectors based on high technologies provision, modernization of operating capacities and acceleration of technical renewal processes.

The International Institute for Management Development, located in Lausanne, Switzerland, annually evaluates the world's 47 leading countries in terms of competitiveness. Analyzes are carried out on 8 factors grouped according to 287 criteria: description of the national economy - GDP volume, investment and savings volume, final consumption level, standard of living of the population, level of efficiency of the economy; degree of internationalization of the economy; stability of the political system; financial system; infrastructure; efficiency of management; level of development of science and technology; description of labor resources.

One of the international studies analyzing the competitiveness of countries is the methodology of the World Economic Forum. In the process of research, the aggregate indices of competitiveness are calculated based on the important macroeconomic and microeconomic indicators that describe the dynamics of medium and long-term development in the assessment of the country's economic growth. This methodology has been used for 30 years, and its results are published in the Global Competitiveness Report of the World Economic Forum.

The assessment of the country's competitiveness involves the calculation of competitiveness indicators based on the main factors, based on the collection, grouping, and generalization of a large number of data. Then aggregate index and sub-indices reflecting the contribution of all factors to the competitiveness index are calculated. In the methodology of determining the competitiveness of the modern national economy, 12 main factors are distinguished (Table 1).

**Table 1 Grouping of competitive indicators<sup>2</sup>**

<b>Basic requirements:</b> State and public institutions; infrastructure; macroeconomic stability; health and primary education	<b>A resource-oriented economy</b>
<b>Performance indicators:</b> Higher education and professional training; efficiency of goods and services market; labor market efficiency; financial market development; armed with high technologies; market size and scope	<b>Efficiency-oriented economy</b>
<b>Innovative potential and development factors:</b> Business development level; innovative potential	<b>Innovation-oriented economy</b>

**Source:** compiled by the author

The mentioned factors are divided into three groups. The first group includes the basic requirements, the second group covers factors that increase the efficiency of the business environment, and the third group combines business improvement factors. Each group is characterized by specific sub-indices. When calculating the sub-indices, the weight of each group is determined as follows: the first group - 25%, the second group - 17%, the third group - 50% (Table 2).

Based on the contribution of each sub-index to the final Global Competitiveness Index calculated for a specific country, it will be possible to determine the stage of economic development of this country. This approach makes it possible to compare the competitiveness of countries at different levels of economic development.

<sup>1</sup> Assistant at the Department of Namangan Institute of Engineering and Technology

<sup>2</sup>The Global Competitiveness Report 2009-2010World Economic Forum. Geneva, Switzerland 2009. p. 8.

**Table 1 The percentage of indicators of the three main groups at each stage of development<sup>3</sup>**

Subindexes	Resource oriented stage	A performance-oriented stage	Innovation oriented phase
Basic requirements	60	40	20
Performance indicators	35	50	50
Innovative potential and development factors	5	10	30

Source: compiled by the author

It is known that the competitiveness of the economy is manifested in different forms and levels. These are: competitiveness of the products produced by the country's enterprises; competitiveness of the country's enterprises (firms); competitiveness of national economy sectors; competitiveness of the national economy; competitiveness of the country.

Some experts combine the last two forms of competitiveness and add employee competitiveness to this classification.

In today's economy, an innovative approach to the issue of increasing the level of competitiveness is required. It is necessary to create new competitive advantages that allow to expand the specialization of the national economy and diversify the structure of industrial production in the world economic system by rapidly introducing innovative technologies and modern scientific achievements into industrial sectors.

Competition within the network determines and determines the social value of goods, in other words, the market value. This value usually corresponds to the value of goods that are produced under average conditions and make up a large part of the goods of a particular industry.<sup>4</sup>

As a result of competition within networks, enterprises with high technical level and labor productivity will get additional profit, and on the contrary, technically weak enterprises will lose a part of the value of the goods produced by them and suffer losses.

Interindustry competition is a struggle between enterprises of different industries to obtain the highest rate of profit. Such competition causes the flow of capital from industries with a low rate of profit to industries with a higher rate of profit. New capitals tend to the more profitable sectors, which leads to the expansion of production, increase in supply. On this basis, prices start to fall.

Also, the rate of profit will decrease. The outflow of capital from less profitable industries leads to the opposite result: here the volume of production changes, the demand for goods exceeds their supply, as a result of which prices rise, and at the same time the rate of profit increases. As a result, inter-industry competition objectively creates some kind of dynamic equilibrium.

**3 – table Features of the main forms of competition within the network.**

Unique Signs	Market models (forms of competition)			
	Free competition	Monopolistic competition	Free monopoly	Oligopoly
Number of enterprises	A lot	A lot	One	A few
Product type	The same	Stratified	Unique: no close substitute	The same layered
Price control	Not available	In a narrow circle	Perceptible	Limited, mutual dependence, more noticeable when they come secretly
Network access conditions	Very light, no obstruction	Relatively light	There is a strong barrier	There is a significant barrier
Free competition	Not available	Much attention is paid to advertising, trade marks, trademarks and the like	Advertising plays a key role in the communication of companies with social organizations	Very simple, mainly in product layering

Source: Egorov A.I. Marketing. Study guide. - M: "Finance" 2009 117 - p.

This balance ensures the pursuit of equal return for equal capital regardless of where the capital is invested. Therefore, inter-industry competition brings the rate of profit of the same industry closer to the average rate of profit, regardless of the industry in which capital is invested.

<sup>3</sup>The Global Competitiveness Report 2009-2010 World Economic Forum. Geneva, Switzerland 2009. P. 8.

<sup>4</sup> Эргашхужаева Ш.Ж. "Маркетинг" фани (маъруза матнлари).-Тошкент: ТДИУ, 2011, 183 бет.

In short, an individually competitive producer cannot set a market price, but only comes up with or adjusts to a price. In other words, a competitive firm is under the control of the market. (Table 3)

Under conditions of free competition, new enterprises can freely enter the network, and existing ones can freely leave it. In particular, there will be no legal, technological, financial and other serious economic obstacles to the emergence of new enterprises and the sale of their products in the competitive market.

Free competition is very rare in today's transition economy practice. But a number of situations make it necessary to study the application of this type of competition.

- there are some sectors that are very similar to the situation of free competition, for example, the private sector of the economy producing agricultural products, local craft industries, and so on.
- the situation of free competition is the starting point for any kind of discussion about determining the size of price formation;
- the operation of a free competitive economy serves as an example for evaluating the efficiency of the real economy.

Free competition is manifested on two levels: within the industry, i.e. competition between enterprises producing the same goods, and between industries, i.e. competition between enterprises in different industries. Competition within the networks is conducted between the enterprises of the same network in order to have more favorable conditions for production and sales, to obtain additional profits. Due to the fact that there are enterprises with different levels of technical equipment and production productivity in each industry, the individual (separate) value of the goods produced in these enterprises will not be the same. However, commodity values are determined not by individual labor costs, but by socially necessary labor costs.

Based on the above, it can be said that a comprehensive study of ways to increase the competitiveness of the enterprise and a scientific approach is one of the requirements of today. In the conditions of modernization of the economy, along with the development of production, we can make the following points about increasing the competitiveness of the enterprise.

As a result of the development of production activities, it is necessary to achieve a direct solution to the task of forming the owner class, which is the backbone of the country, and at the same time, the owner class will act as the most important factor in the consistent development of the economy of Uzbekistan in the future, the guarantee of its social and political stability in the society, and the active driving force that will lead the country forward on the path of development. it will be necessary to ensure that.

The formation and development of production enterprises, which are the main basis of the fundamental economic reforms implemented in the country, shows that the high morality existing in the history of our spiritual life is based on the ideas, and it is necessary to create ample opportunities for them to become active accordingly.

#### **A list of used literature**

1. The Global Competitiveness Report 2009-2010 World Economic Forum. Geneva, Switzerland 2009. p. 8.
2. The Global Competitiveness Report 2009-2010 World Economic Forum. Geneva, Switzerland 2009. P. 13.
3. Эргашужаева Ш.Ж. “Маркетинг” фани (маъруза матнлари).-Тошкент: ТДИУ, 2011, 183 бет.
4. Егоров А.И. Маркетинг. Учебное пособие. – М: “Финанс” 2009 г. 117 – стр.
5. Bustonov M., Irmatov M. Economic growth quality – condition of improving populations’ living standards. //collection of lecture thesis of the republic academic-practical meeting namely “Perspectives of improving well-being of the people and progress of Uzbekistan in the condition of the world financial-economic crisis”. – Tashkent, 2011. – P. 180/
6. Bustonov M. Theories and conditions of providing economic growth quality // collection of lecture thesis of the republic academic-practical meeting namely “main directions of providing macroeconomic proportionality and stable growth rates in economy”. – Tashkent, 2011. – P. 144.
7. Bustonov M. innovations are as economic growth quality// collection of lecture thesis of the republic academic-practical meeting namely “Strategy of modernizing economy: problems and passing ways to innovative development”. Tashkent, 2011. – P. 38.
8. Bustonov M., Irmatov M. Conditions and ways of stable growth// collection of lecture thesis of the republic academic-practical meeting namely “Strategy of modernizing economy: problems and passing ways to innovative development”. – Tashkent, 2011. – P. 222.
9. Bustonov M., Makhmudov N. perspectives of developing micro business and providing its stable development//”Ideas for business” – cooperation between Tashkent State Economy University and BAT University in the sphere of “INSPIRE” scheme of the Britain consultation. Collection of lecture thesis of the international academic-practical meeting. – Tashkent, 2011. – P. 14.

10. Bustonov M. Conditions and perspectives of economic growth quality Ideas for business” – cooperation between Tashkent State Economy University and BAT University in the sphere of “INSPIRE” scheme of the Britain consultation. Collection of lecture thesis of the international academic-practical meeting. – Tashkent, 2011. – P. 103.
11. Bustonov M., Irmatov M. Main ways of increasing economic growth quality in Uzbekistan.// twenty fourth international Plexanov conference: collection of theses of Russian Economy Academy named after G.V. Plexanov. – Moscow, 2011. – P. 153.
12. Bustonov M., Djumaniyazov Sh., Akhmedov J. Macroeconomic analysis of indicators of economic growth.// Exchange Expert. – Tashkent, 2010. – № 11-12, – P. 52.
13. Bustonov M. Prediction indicators of economic growth quality//market, money, credit. – Tashkent, 2010. – № 06, [157] – P. 34
14. Bustonov M. Macroeconomic analyses of tendencies and legalities of stable economic growth// Taxpayer magazine. – Tashkent, 2010. – № 1 (11) – P. 19.
15. Bustonov M., Berkinov B. reform processes and deepening them in economic fields// economy and education. – Tashkent, 2008. – P. 28.
16. Baykhonov B. T, Bustonov M.M., Econometric models of sectoral distribution of investments in the economy of uzbekistan // South Asian Academic Research Journals Vol. 9, Issue 8, August 2019
17. Bustonov M.M., The Firm Aspects and Conditions Providing the Qualities of Economic Growth in Uzbekistan // International Journal of Economic Theory and Application 2017; 4(4): 32-39 <http://www.aascit.org/journal/ijeta>
18. Ишимбаев Р.Н., Новые возможности организации и управлением предпринимательской деятельностью, Globallashuv sharoitida tadbirkorlik va kichik biznesni rivojlantirishning dolzarb masalalari. NamMTI 15.04.2022 C237