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THE ROLE OF THE STATE IN INCREASING THE COMPETITIVENESS OF INDUSTRIAL ENTERPRISES

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РОЛЬ ДЕРЖАВИ У ПІДВИЩЕННІ КОНКУРЕНТОСПРОМОЖНОСТІ ПРОМИСЛОВИХ ПІДПРИЄМСТВ

The article considers the role of the state in increasing the competitiveness of industrial enterprises. In addition, the article examines the international experience of increasing the competitiveness of industrial enterprises in developed countries. The article shows that with the proper use of effective economic mechanisms, it is possible to ensure the economic development of the country. Based on the analysis, it was found that for to ensure sustainable economic development, it is necessary to develop the conceptual foundations of the national innovation system.

The analysis shows that the economic models used for the development of the innovation system in developed countries should be used in the Republic of Azerbaijan. The creation of the main structures of the innovation system in the Republic of Azerbaijan, ensuring the innovative development of enterprises by region can lead to an increase in the pace of economic development of the country.

Based on the analysis carried out in the article, it was concluded that the rational use of the country's innovation potential can increase the competitiveness of the national economy. The role of small and medium-sized businesses in ensuring the economic development of the country are very high. To expand its activities, it is necessary to apply modern innovative technologies.

The article also notes that for to ensure the development of industrial enterprises by region in the Republic of Azerbaijan, more attention should be paid to the use of modern innovative technologies. For this purpose the formation and development of an innovative economy is necessary in the Republic of Azerbaijan.

Based on the analysis carried out in the article, it is established that the formation of the digital economy in the country, the integration of new e-services into the world market can increase the competitiveness of industrial enterprises of the country. It is necessary to increase the role of the state in increasing the competitiveness of the branches of the national economy in the Republic of Azerbaijan.

The article also identifies the existing problems in the Republic of Azerbaijan in the direction of increasing the competitiveness of industrial enterprises, put forward proposals and recommendations for their elimination.

У статті розглянуто роль держави у підвищенні конкурентоспроможності промислових підприємств. Крім того, у статті досліджено міжнародний досвід підвищення конкурентоспроможності промислових підприємств розвинених країн. У статті показано, що за умови грамотного використання ефективних економічних механізмів, можливо забезпечити економічний розвиток країни. На основі аналізу встановлено, що для забезпечення сталого економічного розвитку необхідна розробка концептуальних засад національної інноваційної системи.

Аналіз показує, що економічні моделі, які використовуються для розвитку інноваційної системи в розвинених країнах, повинні бути використані в Азербайджанській Республіці. Створення в Азербайджанській Республіці основних структур інноваційної системи, що забезпечують інноваційний розвиток підприємств по регіонах, може призвести до збільшення темпів економічного розвитку країни.

На основі проведеного аналізу в статті зроблено висновок, що раціональне використання інноваційного потенціалу країни може підвищити конкурентоспроможність національної економіки. Роль малого та середнього бізнесу в забезпеченні економічного розвитку країни дуже висока. Для розширення діяльності необхідно застосовувати сучасні інноваційні технології.

У статті також зазначається, що для забезпечення розвитку промислових підприємств по регіонах в Азербайджанській Республіці більше уваги слід приділяти використанню сучасних інноваційних технологій. Для цього в Азербайджанській Республіці необхідно формування та розвиток інноваційної економіки.

На основі проведеного в статті аналізу встановлено, що формування в країні цифрової економіки, інтеграція нових електронних послуг у світовий ринок може підвищити конкурентоспроможність промислових підприємств країни. Необхідно підвищити роль держави в підвищенні конкурентоспроможності галузей національної економіки Азербайджанської Республіки.

У статті також визначено існуючі в Азербайджанській Республіці проблеми у напрямі підвищення конкурентоспроможності промислових підприємств, висунуто пропозиції та рекомендації щодо їх усунення.

Key words: innovation, national economy, integration, rating, competitiveness, investment.

Ключові слова: інновації, національна економіка, інтеграція, рейтинг, конкурентоспроможність, інвестиції.

INTRODUCTION

The main goal of the socio-economic development of the Republic of Azerbaijan, as well as other post-soviet countries, is to ensure the transition to a modern innovative economy. For to activate innovation processes in developed countries, it is considered necessary to create a national innovation system, which is the basis for the development of an innovative economy. It should be noted that with the proper use of effective economic mechanisms, it is possible to increase the intensity of the country's economic development. The analysis shows that for to ensure sustainable economic development in the Republic of Azerbaijan, it is necessary to form the conceptual foundations of the national innovation system. An analysis of international experience on the development of the innovation system in developed countries shows that the models used in them can be used in the Republic of Azerbaijan. It is important to take a comprehensive approach to the national innovation system of Azerbaijan. In the Republic of Azerbaijan, the process of creating the main structures of the national innovation system should be accelerated. It is necessary to strengthen the innovative development of the national economy. It should be noted that the post-soviet countries, implementing the concept of a systematic approach to innovation policy, have achieved serious success in a short time.

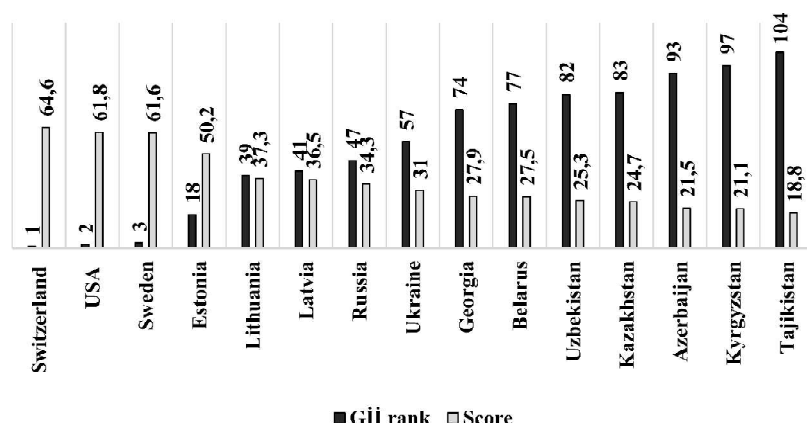
ANALYSIS OF RECENT PUBLICATIONS ON THIS TOPIC

It is necessary to constantly form an effective national innovation system in the Republic of Azerbaijan. It is

necessary to take into account that the strategy for the development of the national innovation system is implemented through macroeconomic policy at the state level. K.N. Abdullaev noted in his studies that it is possible to achieve serious economic progress as a result of the application of modern innovations in the development of production and the service sectors [1].

The experience of the post-soviet countries shows that innovative business should be based on a national innovation model operating in a modern market economy. In general, the main goal of implementing a modern innovation strategy is to create an effective innovation system. D.V. Kuzmin mentioned in his studies that increasing the competitiveness of the production areas of each country directly ensures the leading position of the country in international rating reports [5]. In addition, the author noted that the role of modern innovations in increasing the export opportunities of industrial enterprises are high. The study of international experience in the field of innovation in developed countries, its application in the Republic of Azerbaijan can lead to the correct use of the country's innovation potential.

At the same time, these processes can increase the competitiveness of the national economy. In the Republic of Azerbaijan, it is necessary to develop a strategy for the innovative development of the national economy for the next years. It should be taken into account that the formation of a forecast of technological development is important for the country. Currently, the definition of scientific and technological priorities plays an important role in the economic development of the country. I.M. Zborina noted



Graph 1. Indicators of some countries of the world according to the global innovation index (2022)

Source: <https://www.wipo.int/edocs/pubdocs/en/wipo-pub-2000-2022-section1-en-gii-2022-at-a-glance-global-innovation-index-2022-15th-edition.pdf>

in his research that the interaction between the public and private sectors are necessary to increase the competitiveness of industrial enterprises [4]. A. Sh. Shakaraliev noted in his work that it is possible to increase the pace of economic development as a result of fully ensuring the transition of each country to an innovative economy [6].

As in other post-soviet countries, the Republic of Azerbaijan are constantly implementing economic measures to carry out structural reforms for the development of the digital economy. One of the main goals facing the Republic of Azerbaijan in recent years is the successful implementation of the adopted "National Strategy" for the Development of the Information Society.

STATEMENT OF THE MAIN MATERIAL

In addition, one of the planned goals may be the formation of a digital economy in the Azerbaijan, the integration of new e-services into the world market, and the expansion of the scope of the digital economy.

In the development concept "Azerbaijan 2020 — the vision of the future" the main priorities were to ensure sustainable economic development of the country, expansion of innovation activities to form a digital economy. As a result of successful measures formed the digital economy in the Republic of Azerbaijan. The post-soviet countries pay more attention to the introduction of innovative technologies in the economic sphere. Modern developed countries clearly define the directions of formation and development of an innovative economy. The main reason for this is that the transition to a new and modern economic system allows for sustainable economic development in a short time [2].

In the conditions of market relations, the problem of creating a competitive enterprises and products becomes particularly relevant for the successful development of industrial production. The issues of increasing the competitiveness of enterprises and industries are undoubtedly the object of national economic interests. At the present stage of development of the leading sectors of the economy, the scientific and technological revolution has become

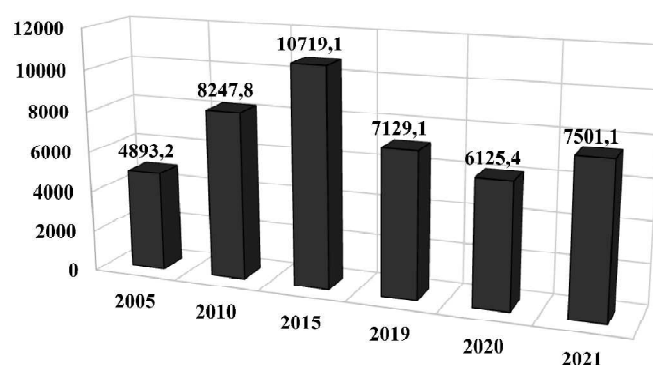
a key factor. Innovations in the field of engineering, technology, labor organization and management based on the use of scientific achievements and best practices, as well as the use of these innovations in a variety of fields of economy [3].

Today it has become generally accepted that enterprises achieve competitive advantages only through innovation. The formation of competitive advantages based on innovations can be achieved only through their implementation in new products and the use of new technologies. This, in turn, takes the company to a new technological level, providing technological superiority over competitors, on the basis of which competitive advantages are formed. The innovative way of development is an

uncontested strategy. Today, innovative projects of domestic industrial enterprises are still rarely focused on supporting competition, which is becoming increasingly difficult to conduct.

In recent years, a significant change in the indicators of the position of the countries of the world on the Global Innovation Index has been recorded. And the main reason for this is that all countries of the world are increasingly using modern innovative technologies in the development of the national economy. For example, countries such as Switzerland, the USA, and Sweden ranked first in global innovation index in 2022. The main reason for this is the high share of the introduction of modern innovations in economic areas in these countries (Graph. 1).

Serious successes in the field of introduction of modern innovations are also observed in the countries of the post-soviet space. In the post-soviet space, Estonia ranked — 18th place, Lithuania — 39th, Latvia — 41st, Russia — 47th, Ukraine — 57th, Georgia — 74th, Uzbekistan — 82nd, Kazakhstan — 83rd, Azerbaijan — 93rd, Tajikistan — 104th positions. At the same time, Switzerland, ranked 1st in the Global Innovation Index, received 64.6 points. In addition, the scores of the USA were 61.8,



Graph 2. The volume of investments directed to the national economic sectors of the Republic of Azerbaijan in recent years (million US dollars)

Source: www.stat.gov.az / Industry of Azerbaijan (Statistical yearbook 2022).

Sweden — 61.6, Estonia -50.2, Ukraine — 31, Azerbaijan — 21.5, Tajikistan — 18.8.

The role of foreign investment in the economic development of each country is very high. In recent years, a change in the volume of foreign investments directed to the national economy of the Republic of Azerbaijan has been recorded. For example, in 2005, the volume of investments in the national economy of the Republic of Azerbaijan amounted to 4893.2 million US dollars. In 2010, this figure increased to 8247.8 million US dollars, and in 2015 to 10719.1 million US dollars (Graph 2). In 2019, compared to 2015, this figure decreased to 7129.1 million US dollars. The volume of investments in the national economy in 2021 increased to 7501.1 million US dollars compared to 2020. The main reason for the decline foreign investment flows in Azerbaijan is due to the negative impact of the coronavirus pandemic on the country's economy.

Entrepreneurs consider the development of new types of products to be the most significant result of the innovative activity of industrial enterprises. However, the role of these measures are insignificant and has not yet affected the real assessments of the level of competitiveness of industrial products in both domestic and foreign markets. The strategic goal of the development of innovative activity and the formation of the innovation system of the enterprise should be the comprehensive development of production to the level of its competitiveness in the world [5].

Innovation can be defined as the introduction of new ideas within the various fields of activity of an enterprises aimed at its economic development. In accordance with this interpretation, the following types of innovations can be distinguished, each of which affects the competitiveness of the organization:

- technical — due to them, the firm can improve the technical characteristics of the goods (services) being created, which will increase their competitiveness compared to analogues.

- production (technological) — enable the organization to switch to a new, energy-saving technology that gives greater efficiency. Thanks to this innovation, there are price and non-price competitive advantages of the product (service), and the company can get a competitive advantage (disadvantage) in interaction with counterparties along value chains, due to the change in the need for production services.

- market — provide an opportunity to serve new customers in new markets, thereby increasing the sales volume of the organization, which gives it the opportunity to apply price methods of competition more widely. There is also an opportunity to have a competitive impact on suppliers by increasing the supply of similar services in new markets.

- informational — aimed at changing the internal environment of the organization, in order to increase its efficiency of internal processes, which makes it possible to respond more quickly to changes in the external environment compared to competitors.

- managerial — make it possible to make faster and more accurate management decisions compared to competitors.

- economic (financial) — make it possible to use the financial resources of the enterprise more efficiently, which increases its competitiveness due to greater financial independence, as well as the possibility of financing activities to create and strengthen a competitive position.

Thanks to these innovations, an enterprise can create competitive goods (services), as well as increase its own competitiveness through innovative activity. Having an arsenal of possible innovations, the company's management should determine the possibility of its application, based on the degree of novelty, the scale of innovation, the interaction of this change in the production and economic structure of the enterprise [3].

Innovations affecting the competitiveness of enterprises are classified according to the following criteria:

- the nature of relations: socio-economic, organizational, technological innovations;

- distribution area: management, production, technical, social innovations;

- subject-content structure: product, process and allocation innovations.

The basis of the modern "philosophy of success" of the manufacturer's firms are subordination of the interests of the company to the goals of development, production and marketing of competitive products. The focus on long-term success and on the consumer is put in the first place, which expresses the desire of entrepreneurs to provide themselves with a direct path to achieving and maintaining high profits.

Simultaneous work with goods that are at different stages of their creation cycle can only be carried out by large companies. Small firms are forced to follow the path of specialization, i.e. they choose one of the following "roles":

- an innovator firm dealing primarily with innovation issues;

- an engineering firm that develops original modifications of goods and services and their design;

- a highly specialized manufacturer — most often a supplier of simple mass-produced products;

- manufacturer of traditional products (services) of high quality.

The process of spreading innovation is called technology diffusion. The rate of diffusion depends mainly on the effectiveness of technological innovation. Moreover, the more enterprises used this innovation, the higher the losses of those enterprises that did not use it. Moreover, the earlier the company starts to innovate, the faster (and cheaper) it will be able to catch up with the leaders. In this regard, there is a natural need to identify the reasons associated with the innovative activity of enterprises. In other words, the company should have an innovator leader who is ready to allocate resources for the development of new products and constantly interest all staff in innovations [1].

Speaking about the innovative business environment, it is important to define the essence and role of innovation in the modern economy. Innovative activity is an important element of ensuring the competitiveness of the organization. The last decades of the XX century,

especially the 90s, finally confirmed scientific and technological progress as the most important factor of economic development, the basis of competitiveness of firms, industries, national economies. To a large extent, scientific and technological progress determines the differences between the standard of living of rich and poor countries, is an indicator of the viability and effectiveness of public institutions and socio-political systems.

The problem of innovation management is multi-dimensional. It includes issues of state regulation of innovation, search for innovative solutions, organization of innovations at enterprises, technological forecasting and many other issues.

A modern organization plays a leading role in ensuring scientific and technological progress, updating products and technology. It is an industrial firm that primarily provides the necessary concentration of financial, material, scientific, technical and human resources. Large organizations and industrial firms have the ability to implement a long-term strategy of innovative development, focused on a variety of market needs, but not influenced by short-term market fluctuations.

In a market economy, the innovation policy of enterprises are a determining tool in the competition, providing conditions for the implementation of consumer requests. Innovations are the most important factor in the stable functioning of entrepreneurial, financial, credit, and any other structures that ensure their economic growth and competitiveness. Moreover, the greatest success are achieved by those enterprises whose innovative activity and the introduction of a new product represent a continuous process of innovation activity management.

In developed European countries, such as Germany, France, Italy, Spain, Holland, Belgium, financial assistance are provided at the state level for to expand the activities of small and medium-sized enterprises and apply modern innovative technologies there. As a result, the competitiveness and export opportunities of products produced by entrepreneurs in these countries on the basis of modern innovative technologies increased. All this leads to an increase in the pace of economic development and GDP in developed countries [6].

The main prerequisite of the innovation strategy is the moral aging of products and technology. In this regard, every three years, enterprises should carry out certification of manufactured products, technologies, equipment and workplaces, analyze the market and distribution channels of goods. Every employee should realize that innovation is the best way to preserve and strengthen their company. Moreover, it is necessary to understand that innovations are a guarantee of employment and well-being of every employee. The organization of innovative activities based on these principles will allow the company to move forward and achieve success.

The right approach to risk management in an innovative environment will help companies to increase their competitiveness at the global level and enter new international markets.

CONCLUSIONS

At the same time, maintaining the competitiveness of enterprises in an innovative business environment is a vital aspect for all Azerbaijani enterprises that participate or plan to participate in international trade.

In order to ensure the national innovation system and innovative development in the Republic of Azerbaijan at the state level, it is necessary to implement the following measures: creation of a regulatory framework for the formation of innovative development; development of state programs and concepts for the management of intellectual property in the country, development and implementation of a state program in the field of innovation, etc.

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