UDC 001.895

Shanazarova G.B.

Senior Lecturer

Department of "Management" TSUE, PhD

INNOVATION IS THE DRIVING FACTOR OF GLOBAL COMPETITION

Annotation. *Companies achieve competitive advantage through innovation. They learn new ways to compete or find better ways to compete using old ways. This article presents the results of a scientific research of the process of innovation. It is substantiated that the main driving factor of the global competitive economy is a continuous innovation process.*

Keywords. *Innovation, global economy, global competitive environment, competitive advantage, innovation process.*

Everywhere in the world, companies that have achieved leadership on an international scale use strategies that differ from each other in every way. However, while each successful company applies its own strategy, the underlying principles of operation - the nature and evolution of all successful companies - are fundamentally the same.

Some innovations create a competitive advantage by creating fundamentally new market opportunities, or by filling market segments that other competitors have overlooked.

If competitors react slowly, then such innovations lead to competitive advantages. For example, in industries such as automotive and consumer electronics, Japanese companies have gained initial advantage by focusing on smaller, less energy-efficient, compact models that their foreign competitors have neglected as less profitable, less important, and less attractive.

In international markets, innovations that bring competitive advantage

anticipate both internal and external needs. For example, as soon as international interest in product safety grew, Swedish companies such as Volvo, Atlas Copro and AGA were successful in the market, anticipating favorable market opportunities in this area. At the same time, innovations that are timely for the domestic market may even hinder international competitive success. For example, the lure of a powerful US defense market has diverted the attention of US material, tool, and machinery companies away from attractive global commercial markets.

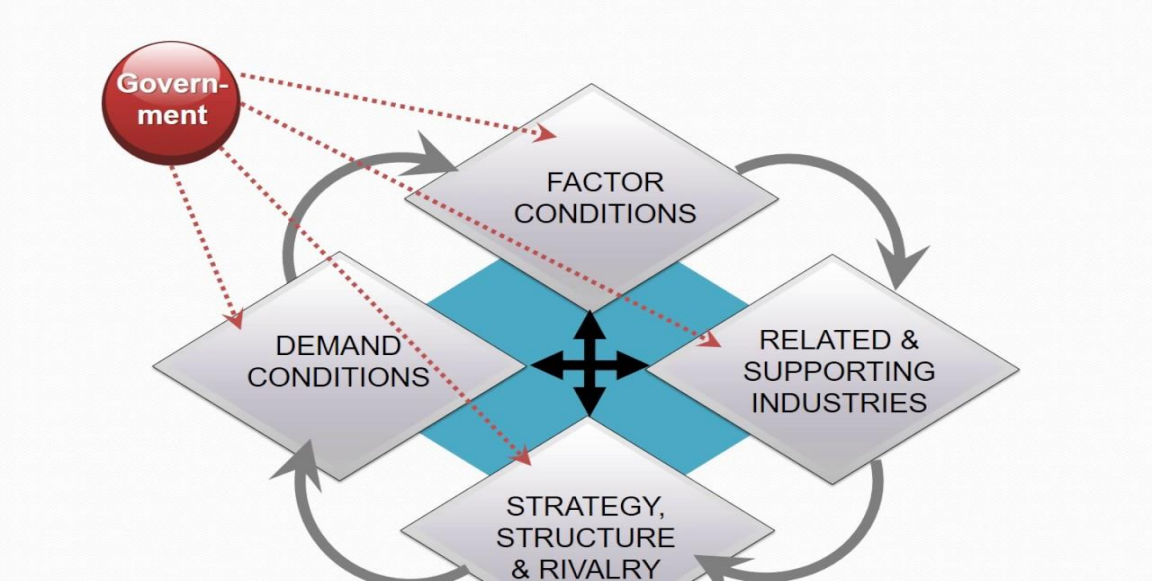
In the process of introducing innovations and making improvements, information is of great importance - information that is either not available to competitors or which they are not looking for. Sometimes innovations are the result of simple investments in research and development or market research. More often, innovation comes as a result of deliberate efforts, from openness and finding the right solutions without being blinded by any assumptions or stereotyped common sense.

Once a company achieves competitive advantage through innovation, it can only maintain it through continuous improvement. Almost any achievement can be repeated. Korean companies have nearly matched their Japanese competitors' ability to mass-produce standard color televisions and telephones; Brazilian companies have shaped manufacturing processes and developed designs comparable to competitive Italian firms producing specific types of leather shoes.

Competitors will immediately and surely overtake any company that stops improving and innovating. Sometimes initial advantages, such as customer relationships, economies of scale in existing technologies, or reliability of distribution channels, are enough to allow an inert company to hold its own for years or even decades. Sooner or later, however, more dynamic competitors will find ways to circumvent these advantages through their innovations, or create better or cheaper ways to do the same business.

Geographic concentration increases internal competition.

Another payoff from internal competition lies in the pressure it creates to continuously improve the sources of competitive advantage. The presence of domestic competitors automatically cancels out the types of advantage that come from mere existence in a particular country—factorial costs, access or privileged access to a local market, or costs to foreign competitors who import into that market. Companies are forced to go beyond the above, reap more sustainable benefits as a result. Moreover, internal competition will force companies to be more responsible in obtaining support from the government. Companies are less likely to lock into government contracts or support industry protectionism. Instead, each industry will seek and benefit from more constructive forms of



government support, such as market assistance, investment in certain educational institutions, or other ad hoc factors.

Figure 1 Features and essence of the rhombus porter[1]

The effect of the systemic nature of the diamond is that countries rarely have only one competitive industry; rather, the diamond rule creates an environment that supports clusters of competitive industries. Competitive industries are not scattered randomly in the economy - they are usually

[1]Source: https://avatars.mds.yandex.net/i?id=dcf69a90be55224277cab085141ee0af-3577053-images-thumbs&n=13

connected to each other by vertical (buyer-seller) or horizontal (general consumers, technology, channels) links. Nor do such groups disperse physically: they tend to concentrate geographically. One competitive industry helps the emergence of another in a process of mutual reinforcement. For example, Japanese consumer electronics companies have transferred their success in semiconductor technology to memory boards and integrated circuits. The success of Japanese laptop companies, which contrasts with rather limited success in other segments, reflects the strength in other compact portable products, leading knowledge and experience in liquid crystal displays gained in the manufacture of calculators and watches.

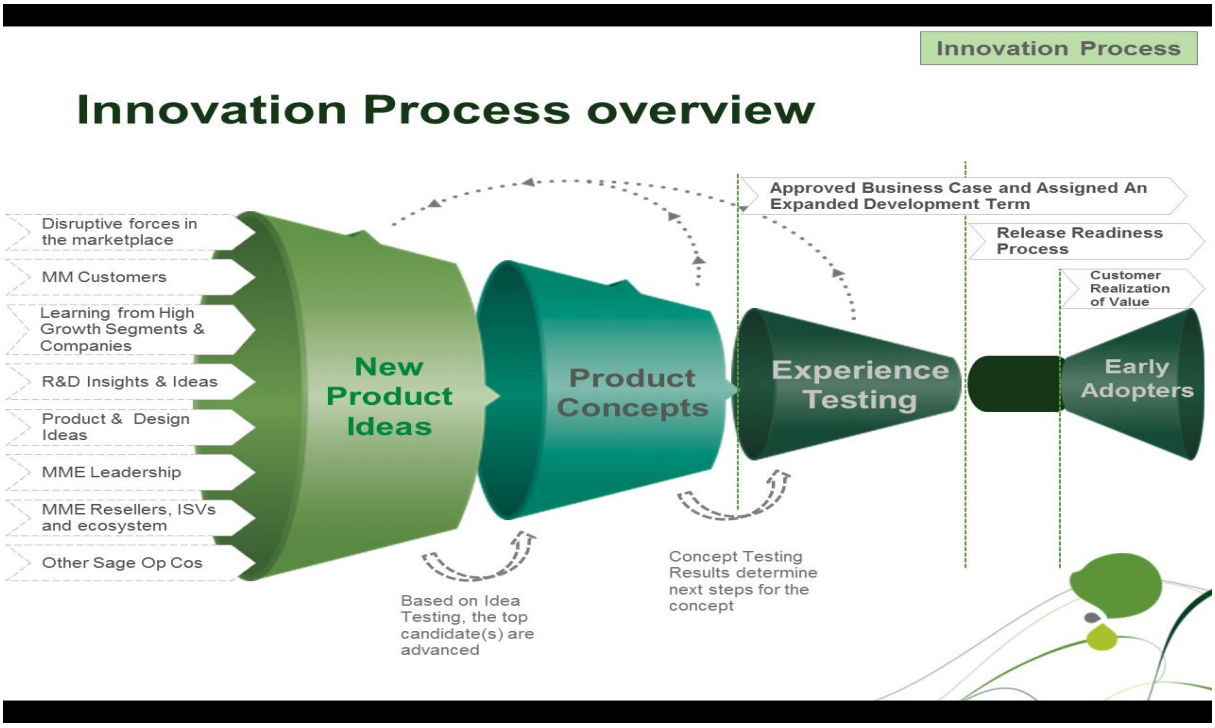


Figure 2. Innovation process definition[2]

Once a cluster has formed, there is mutual support for all industries in the group. Benefits extend forward, backward and horizontally. Aggressive competition in one industry extends to other industries within the cluster through technology transfer, market position development, and incumbent diversification. Market entry from other industries within the cluster spurs

[2]Source: https://smist08.files.wordpress.com/2012/05/innov1.png

modernization by stimulating research and development approaches and facilitating the introduction of new strategies and skills. Through the channels of suppliers and consumers in contact with many competing companies, there is a free flow of information and innovation. Relationships within a group, often quite unexpected, lead to new ways of competing and new opportunities. Such a cluster becomes a means of maintaining diversity and overcoming narrowness of views, inertia, and lack of flexibility.

The benefits of clusters in innovation and productivity growth over isolated locations may be more important than the benefits in ongoing performance, although there are also risks involved. Some characteristics of the same cluster that improve current performance turn out to be even more important for innovation.

Cluster firms are often able to more adequately and quickly respond to customer needs. In terms of current customer needs, firms in a cluster benefit from a concentration of companies that know customer needs and have established relationships with them, the presence of firms in related industries, the concentration of specialized information gathering structures, and the demands of customers. Cluster firms can often recognize consumer demand trends faster than competing individual firms. For example, computer companies in Silicon Valley and Austin are quick and efficient at meeting the needs and tastes of customers, and hardly anyone can match them in this regard [1,2].

Participation in a cluster also provides benefits in terms of access to new technologies, working methods or supply chain opportunities. Cluster firms quickly learn about advances in technology, the availability of new components and equipment, new concepts in service and marketing, and so on. In addition, constantly monitor these things, as these tasks are facilitated by constant relationships with other members of the cluster and personal contacts. Membership in a cluster makes it possible to directly observe the activities of other firms. In contrast, an isolated firm has worse access to information and is forced to pay more; there is also an increasing need for it to allocate resources to

achieve new knowledge within its own structure.

The potential benefits of clusters in recognizing the need and creating opportunities for innovation are very large, just as important is the flexibility and ability they provide to quickly respond to this need. Often, a firm within a cluster can source much faster for new components, services, equipment, and other elements required innovating, whether these elements are a new product line, a new process, or a new supply model. Local suppliers and partners are able and truly involved in the renewal process, thus ensuring that the products they supply are better suited to the needs of firms. New specialized staff can easily be recruited to fill the special vacancies that arise from the use of new approaches directly in the locality. Mutual complementarity, which is useful in the process of innovation, is more easily achieved when participants are located close to each other [3,4].

Cluster firms may experiment at lower cost, and they may not commit themselves to greater commitments until they are fully convinced that a new product, process, or service will bring benefits. In contrast, a firm relying on remote sources has to pay much more attention to contracting, securing shipments, obtaining required technical support and service, and aligning activities with a large number of other entities, while a firm relying on vertical integration , collides with inertia.

Reference

1. Akmaeva, R.I. Innovative management of a small enterprise operating in the scientific and technical sphere: Textbook / R.I. Akmaev. - Rn / D: Phoenix, 2012. - 541 p. 2. Belyaev,
2. Yu.M. Innovation management: textbook for bachelors / Y.M. Belyaev. - M.: Dashkov I. K, 2013. - 220 C. 3. Vishnyakov, Y.D.
3. Djurabaev O. B. MODERN MANAGEMENT SYSTEM IN LARGE COMPANIES OF UZBEKISTAN //Economics and Innovative Technologies. – 2021. – Т. 2021. – №. 6. – С. 2.

4. Djurabaev O. D., Rashidov J. K. The main directions of effective management and development of the beekeeping industry //E3S Web of Conferences. – EDP Sciences, 2021. – T. 282. – C. 02002.