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## THE ROLE OF COMPETITION IN FORMING THE ECONOMY OF KNOWLEDGE

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**Abstract:** This article examines the role of competition in shaping the knowledge economy. Its feature is considered as a competing staff can create a good environment for a production worker. Because a flexible and stable staff gives a lot of profit to the production worker. The article also analyzes the experience of foreign countries such as Israel, South Korea.

**Keywords:** competition, knowledge economy, competitiveness, innovation, qualified personnel, increasing competitiveness

### Introduction

The modern competitive environment that has developed during the coronavirus pandemic is characterized by natural processes not only by market mechanisms, but also by saving the economy from unpleasant consequences. The knowledge economy in this case played a large role in terms of scientific work on the vaccine. Due to the competitive environment in the world, about seven vaccines have been developed and are being used. They are revealed in the ability to create and the ability to transfer human skills to innovation.

In the long term, further economic and cultural growth along an intensive path of development is impossible without innovation. Innovations contribute to the economic growth of the country in the long term, the creation of new sectors of the economy; stimulating competition and increasing the country's competitiveness, strengthening its defense capability, economic and food security; development and improvement of the legal framework in the field of protection of intellectual rights to the results of intellectual activity and means of individualization; an increase in the number of qualified personnel; solving global problems of mankind; an

increase in the standard of living of the population; development of a person as a person, etc.

As a priority direction of economic development in the context of the transition to a knowledge economy, it is determined that the competitive environment is the main base in the formation of an innovation system at the national and regional levels.

### REFERENCES

The analysis of human capital, the knowledge economy and competition in the field of personnel is an integral object of the study of economics. For example, Yu.A. Korchagin devoted several works<sup>1</sup> on modern economics. So he writes that the main factor in the change in the types of economies and societies was and remains human capital (accumulated knowledge, intelligence, innovations, professionals)<sup>2</sup>. And L.E. Mindeli, L.K. Pipia analyze the conceptual aspects of the formation of the knowledge economy<sup>3</sup>. They write that the active introduction of innovative technologies into production encourages competition. Accelerating technological progress and personalization of production make the former industrial models of firms'

<sup>1</sup> Korchagin Yu. A. Modern economy of Russia. - Rostov-on-Don: Phoenix, 2008; Korchagin Yu.A. Three main problems of the regions. - Voronezh: TSIRE, 2007, p. : 12 .; Korchagin Yu.A. Human capital, economy, innovation. - Voronezh: TSIRE, 2009; Korchagin Yu.A. Human capital development cycles as drivers of innovation waves. - Voronezh: THIRE, 2010

<sup>2</sup> Korchagin Yu.A. Human capital development cycles as drivers of innovation waves. - Voronezh: THIRE, 2010

<sup>3</sup> L.E. Mindeli, L.K. Pipia. Conceptual aspects of the formation of the knowledge economy. Science and technology. The article was prepared with the financial support of the Russian Humanitarian Scientific Foundation (project No. 06-02-04074a).

behavior ineffective. Therefore, the most important prerequisite for the formation of the knowledge economy is precisely the introduction of innovations, which not only prepares a country for the transition to the stage of an innovative economy, but also creates the basis for its further qualitative changes.

N. Khasankhonova writes in her articles, that the influence of digital technologies goes beyond the market of information products and services, covering other sectors of the international economy, affecting and changing the way of life of the entire society as a whole. First of all, everyone pays attention to the development of the Internet and mobile communications - the fruits of which are visible to the naked eye<sup>4</sup>.

In the article "Analysis of the Development of the Knowledge Economy and the Innovation Environment" by R. Durova, the author says that in countries with a post-industrial economy, innovative sectors create a supply for almost all economic agents - business entities and households. At the same time, innovative activity does not replace traditional industries related to the industrial type of economy, but outstrips them in development. The main factor in enhancing innovation and creating the basis for the formation and establishment of a post-industrial economy is human capital. In this regard, a characteristic feature of the post-industrial economy is the highest labor productivity, decent and best quality of life in relative terms, state support for innovation, education.

## **ANALYSIS AND RESULTS**

Since the knowledge economy is developing in a postindustrial society, competition in this society is a struggle over intellectual knowledge. In it, any developing country will lure out a workforce with high knowledge in science. Science-intensive activity in the economy leads to a decrease in attention to the development of branches of material production. Material production in this

case is a high proportion of innovative ideas and highly skilled labor invested in innovative values. In this society, attention is mainly paid to intelligent products that are produced without much difficulty. In the global market, developed countries create demand for products of intellectual industries, thereby stimulating business activity, employment and competition in the personnel market. In this case, due to the fact that developing countries are most represented in traditional industries, the relative efficiency of their economic activity remains significantly lower than in developed countries and it is problematic for these countries to switch to the post-industrial type of development. Developed countries in such conditions use resources in the most efficient way and create a basis for further increasing innovation activity by attracting intellectual personnel.

In the work of Y. N.Yeldyshev "... human capital in developed countries has become the main productive factor in creating advanced technologies, improving production, increasing their efficiency, advancing the development of science, culture, health care, security, and the social sphere. From the UN reports on human development, it follows that the proportion of human capital in such highly developed countries as the USA, Finland, Germany, Japan, Switzerland, etc., make up 80% of their national wealth"<sup>5</sup>.

Usually competition in the personnel world is calculated by two criteria: quantitative and qualitative. In the intellectual environment, competition is viewed as qualitative criteria. Because the quality criterion brings much more profit in the long run.

Intellectual personnel with high potential are considered intangible assets. They solve the main task of the business - they significantly increase the difference between the revenue and costs of the business. The more such intellectual staff there are in the company, the more successful is the global competition. But it must

<sup>4</sup> Khasankhonova N.I., Mamadiyorov O. Development Of The Digital Economy As The Basis Of The Knowledge Economy. INTERNATIONAL

SCIENTIFIC AND CURRENT RESEARCH CONFERENCES, 10th December 2020. P.33

<sup>5</sup> Yeldyshev Yu. N. Economy of knowledge // Ecology and life. - 2014. - No. 1. - P. 3-6.



be remembered that such a difference can be ensured at the proper level only under the condition of well-built mechanisms, such as material payments.

Those countries and companies that are more successful in coping with these tasks, and win in global competition. At the same time, they must reckon with the new realities of the economy, which are that now corporations are chasing the bearers of knowledge about intangible assets, and not vice versa, as it was quite recently. At the same time, a country or company leading the competition needs to ensure that the competition between the carriers of intangible assets in the global markets for raw materials, finance and innovation is fair. And for this, he must actively participate in the global systemic process of integrating large, medium and small businesses of all countries of the world into the international systems of the division of labor.

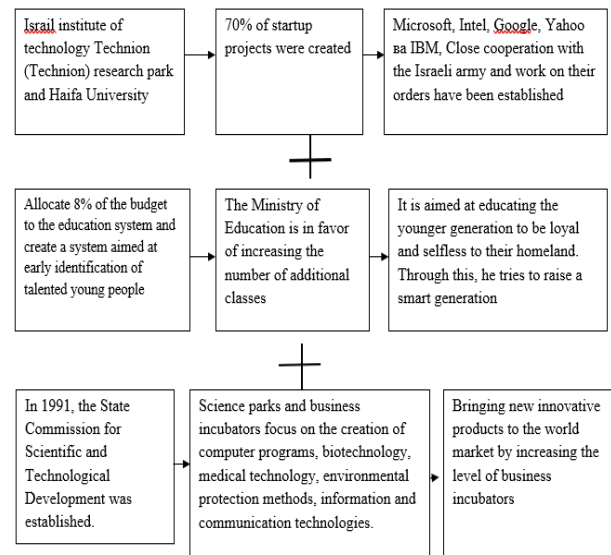
In turn, global competition in the markets of raw materials, finance and innovation requires businesses to increase the level of capitalization, effective regulation of business activities, as well as the consolidation of all types of intangible assets that create economic advantages and new sales markets for their owners. Practice shows that all developed countries that have achieved the greatest success in increasing global competitiveness support those national companies that seek to acquire foreign assets in the markets of raw materials, finance and innovation, providing businesses with various economic and political means, and ultimately gaining new export opportunities.

Global competition is forcing both governments and companies to create many "supermarkets" of knowledge in the raw materials, financial and innovation sectors of the economy. Such "supermarkets" that are able to consolidate the interests of the state and the freedom of national and foreign private intellectual capital. As a result, enterprises receive equal access to the markets for raw

materials, finance and innovation, attract the latest technologies, high-quality management and directly enter the world markets for products and capital.

We know that the country that spends the most on GDP is Israel. If we analyze this country, then research in universities is second only to the United States (with scientists also known as Nobel Prize winners), human capital occupies a special place, and the level of industrial integration with scientific research is high.

The following figure illustrates the development of the knowledge economy in Israel (Figure 1).



**Figure 1. The stage of development of the knowledge economy in Israel<sup>6</sup>**

In South Korea, which ranks second, the level of investment in education is high, and the cost of information and communication is also significant. It should be noted that in this country, in particular, there is a strong focus on information and communication technologies (ICT). We show the formation of the knowledge economy in the state of South Korea with the following features:

- high level of human capital expenditures;

<sup>6</sup> Efimushkin S.N., Sazhaeva G.A. An innovative way of developing the Israeli economy (world experience).

- The population, especially young people, try to take a creative approach to everything;
- high level of innovative goods;
- Samsung, LG and Hyundai to act as a locomotive and spend on R&D;
- High level of research of Korean universities;
- creation of startups in the field of innovations on the basis of public-private partnership (60% state capital, 40% private capital);
- The influx of companies that are successful in the field of innovation in the world in South Korea, to conduct innovative activities.

## **CONCLUSIONS AND RECOMMENDATIONS**

In general, increasing national competitiveness is a complex task, the success of which is determined by the development of human capital, economic institutions, the implementation and strengthening of existing competitive advantages in industry and services and the creation of new competitive advantages associated with the diversification of the economy and the formation of a powerful scientific and technological complex and the knowledge economy.

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