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EVOLUTION OF APPROACHES TO DETERMINING THE COMPETITIVE ADVANTAGES OF COUNTRIES

In the conditions of globalization of production and capital, the competitiveness of the national economy is of particular importance. Firstly, it is necessary to emphasize the interdependence of the economies of almost all countries around the world. Many foreign economic barriers between domestic and foreign markets are abolished. In this regard, the world market turns into a single field of competition, and only a country that is able to ensure high competitiveness of its products can occupy a worthy place on it. Secondly, an important factor in the strengthening of competition under the conditions of globalization is the acceleration of the international movement of capital, the development of the activities of transnational corporations. Thirdly, the number of countries actually participating in global competition has increased. At the beginning of the post-war period, the USA, European countries and Japan were the traditional suppliers of industrial products to the world market. Later, new industrialized states joined them. Today, such giants in terms of population as China, India and other Asian countries, as well as the most developed regions of Latin America, have entered the world market.

Thus, national competitiveness is extremely important for any economy. Today, in the conditions of intensifying competition in most countries of the world, great importance is attached to the problem of increasing the competitiveness of the national economy. This problem is especially relevant for countries that, as a rule, export less competitive products and import more expensive products [2].

The concept of competitiveness has its own specificity. In the hierarchy of concepts of competitiveness, the basic concept is the "product competitiveness", which can be considered for its various types. Enterprises, industries, regions, and states that compete for consumers, markets, production factors, and investments act as producers of products. Summarizing the definitions formulated by the Organization for Economic Cooperation and Development (OECD), as well as domestic and foreign authors, we can conclude that the competitiveness of the national economy is the ability of the country and its business entities to produce and sell their goods and services on world markets, ensuring high labor productivity, efficient use of resources, increased profitability of assets, expanded reproduction, a consistently high (compared to other countries) level of gross accumulation, income and wages of its citizens per capita.

By the middle of the 20th century, general theoretical ideas about the essence of competition, its main driving forces and basic classical models were formed. Methodological approaches to the analysis of competitive advantages of different countries have been developed in foreign economic science since the second half of the 20th century and evolved from the initial matrix approach in the 1960s, the factor approach in the 1970s and 80s, and the index approach in the 1990s to the modern approach, the essence of which is the use of empirical methods in assessing the significance of competitiveness factors and selecting appropriate indicators .

An attempt to identify competitive advantages and quantify the level of competitiveness was made as early as 1965 by American scientists R. Farmer and B. Richman [1]. In general, their hypothesis was that enterprise efficiency is a function of managerial efficiency, and macroeconomic efficiency is a function of the efficiency of individual economic units. Environmental factors with appropriate weight were allocated into four groups of determinants of competitiveness, called "independent variables":

- education that reflects the level of literacy, the state and quality of the educational system;
- socio-cultural characteristics demonstrating human norms, values and beliefs;
- political and legal system;
- economic – many factors characterizing the level of economic activity of the country and the state of the supporting infrastructure.

Each of these determinants was aligned with the planning, marketing, and production functions. With the help of the construction of the matrix, comparisons of various factors of the external environment, indicators of the gross national product (GNP) per capita and its growth rates were made. As a part of the so-called comparative management, definite conclusions were made regarding the effectiveness of management systems in different countries. Research conducted by R. Farmer and B. Richman was the first attempt to determine the international competitiveness of countries, however, the matrix method was not widely used due to its too high complexity. This fact prompted economists to look for more accessible methods of determining international competitiveness, which led to the factor approach.

The most famous concept of competitiveness is the theory of Michael Porter, within the framework of which the widely known "diamond" model of the "competitive rhombus" was developed, that reflects the scheme of national competitive advantages and their interaction. The country's competitiveness factors are combined into four groups of determinants of national competitiveness:

1) factor conditions:

- material (natural) resources;
- human resources (workforce);
- financial resources (capital);
- information resources;
- infrastructure;
- quality of life;

2) conditions of domestic demand: volume, quality and compliance with trends in demand development in the world market;

3) related (family) and service industries: areas of receipt and use of raw materials, semi-finished products, equipment, use of technologies;

4) strategy and structure of firms and rivalry between firms: goals, strategies, methods of organization, management of firms, intra-industry competition [3].

In addition to the four determinants of competitiveness, two additional variables are defined in the model: random events (the probability of phenomena beyond the control of the firm) and government policy, which can either strengthen or weaken the synergistic effect of the interaction of the above-mentioned determinants and thereby significantly adjust the situation in the country.

Another important aspect of a country's competitiveness, along with the determinants, is comparative advantage, or the country's relative competitive position in a group of countries at the same stage of economic development. This aspect of competitiveness is revealed by M. Porter in the model of stages of economic development (stage model), according to which the renewal of the national economy occurs with the help of movement towards more complex sources of competitive advantages and a relative competitive position characterized by higher productivity. M. Porter considered four stages of the development of the economy and competition, (controlled moving):

- factor-driven stage;
- investment-driven stage;
- innovation-driven stage;
- wealth-driven stage.

At the first three stages, there is a successive increase in the country's competitive advantages and, as a rule, economic prosperity, which gradually increases, and the fourth stage ultimately leads to a decrease in welfare. According to M. Porter, all developing economies usually go through the first three stages of development. At the first stage, the victory in competition is determined by the amount of production costs, at the second stage, competition is based on increasing the technical efficiency of production, and at the third stage, the creation of new goods and services becomes key.

The presence of three stages of development is also the basis of the theory of competitiveness proposed by the World Economic Forum (WEF). The factor stage is applied to countries with the lowest level of development, for which the mobilization of the main production factors (land, raw materials and unskilled labor) is the main condition for macroeconomic growth.

The investment stage refers to countries with the status of average profitability, where growth depends on investment and competitiveness is achieved through the use of world technologies in domestic production. Foreign direct investment, joint ventures and outsourcing enable integration of the national economy into the global production system. At this stage, in order to increase the attractiveness of the government, particular attention must be paid to the physical infrastructure (ports, telecommunications, roads) and the legal framework (customs, taxes, corporate law) to allow a more complete integration of the economy into global markets.

The innovation stage refers to countries with a high level of economic development that have made the transition from a technology-importing economy to a technology-creating economy. In this case, there is a critical connection between competitiveness and a high level of education (especially in the field of exact and natural sciences), the ability to move to new technologies quickly. This transition, however, is considered the most difficult because innovation-based development requires direct state involvement in encouraging high rates of innovation through investment (both private and public) in research and development, higher education, and improving capital markets and the legal framework of all, which supports the opening of new high-tech enterprises.

Modern world economic science has revealed shortcomings in approaches to the assessment of competitiveness by international organizations, which prompted the latter to make changes to the methodology of assessing competitiveness in accordance with the latest achievements of economic theory and the results of applied research. Thus, in the report of the World Economic Forum in 2011-2012, the concept of sustainable development was taken into account for the first time and a new indicator was calculated – the Sustainable Competitiveness Index (SCI).Sustainable competitiveness is defined as the set of institutions, policies and factors that determine the level of productivity in a country, while ensuring that future generations can meet their own needs. The study of the latest concepts in the field of sustainable development led the authors of the report to the conclusion that, despite a fairly large number of studies conducted in this field, there is no established position in the economic literature on the ratio between productivity, which is the basis of competitiveness, and sustainability, while the interrelationship between them is of crucial importance.

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