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Practical strategies to improve national competitiveness

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Practical Strategies to Improve National Competitiveness

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Abstract

Today, the global community is faced with a new vision of the economy that aims to coordinate public policies with the purpose of ensuring sustainable growth to facilitate economic recovery under the current conditions and after the COVID-19 pandemic. The purpose of the study is to create a basic typology of strategies to improve national competitiveness in the context of globalization. The research methodology includes a comparison of economic development models and strategies for different countries around the world and an analysis of data from international organizations. The benchmarking of national strategies is based on the measurements' evaluation for three groups of the GCI index components. The originality of the study stems from the fact that it proposed choosing a strategy for the development of the national economy with account taken of the level of its economic development. The strengths and weaknesses of competitiveness in the profile of the economy are identified and, whereby, a strategy to increase national competitiveness is chosen, according to the results of this analysis. The results of the study showed that the American model of economic development is the most competitive one among the examined models. In addition, the paper shows that the application of practical strategies for social integration, as well as mergers and acquisitions, will contribute to enhancing the national competitiveness in the context of economic growth and raising the living standards of the population. The findings of this research provide practical guidance for related professionals attempting to choose a suitable public policy to form effective and holistic national strategies and monitor the country's progress over time.

Keywords

Market globalization, Identity politics, Optimal balance, Strategic decisions, Economic models

JEL Classification

F01, F63, M21

Introduction

The global financial crisis that erupted in late 2019 as a result of the COVID-19 pandemic marks a starting point for rethinking public policies, particularly in the area of development strategies. The global crisis has changed the economic framework through which countries design and implement their development policies. Therefore, under the prevailing circumstances, it is necessary to monitor the current state of economies in order to assess the extent to which different policies of the world will be reformatted. This visualization requires the study of development strategies from a historical perspective.

Literature Review

Analysis of the approaches of various scholars (Nikulina, 2016) to understanding the essence of the concept of strategy showed that the strategy is generally understood as (1) a long-term development plan, (2) the choice of a competitiveness method, and (3) a long-term system of measures designed to ensure that the main goal and

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objectives set are achieved. Stec and Grzebyk (2018) studied the strategy within the framework of public policy and outlined that, in total; it pursues the aim of increasing international competitiveness with the preservation of social values significant to the country's population. Riley (2020) emphasizes that from 1960 to 1970 the traditional thinking in the field of national economic development was that the public policy, economic planning, high level of public investment and protection against the global market volatility using the policy of protectionism was the best strategy for the development of the country. The self-sufficiency of the national economy was the main goal including investment in import-substituting industries. International trade was seen as an obstacle that upsets the balance of the domestic market. From 1980 to 1990, a new approach was gaining popularity in the world community, namely the pro-market doctrine with the support of international organizations such as the World Bank (WB) and the International Monetary Fund (IMF). This approach advocated open border policies, including lowering import tariffs and increasing cross-border flows of financial and human capital. The main idea of increasing the openness of the world economy was that closer interaction between developing and developed states would help countries with developing economies to copy and promote technologies employed by advanced nations, which would be conducive to improving productivity and increasing per capita income. The very idea of competitiveness was also considered against the background of international trade with the view of raising trade efficiency and standards of living (Ounnabi and Alaoui, 2019). As such, the concept of national competitiveness appeared in the late 1980s. It was proposed by Nicholas Kaldor – precisely he was the first to link competitiveness to living standards. In the US economy, national competitiveness has been viewed as the ability of a nation to manufacture products that meet the requirements of international markets. And the normative definition of the standard of living for the population is based on the relationship between trade and living standards indicators. Therefore, one can confidently assume that national competitiveness links economic trade indicators and social standards of living. In view of this, Ounnabi and Alaoui (2019) determined that national competitiveness is a system that has levels (product, firm, industry, country), approaches (economic, institutional, strategic, innovation perspectives), and measurement indicators. Researchers identified six perspectives of national competitiveness: 1) macroeconomic perspective, 2) microeconomic perspective, 3) institutional perspective, 4) systemic perspective, 5) national strategy perspective, 6) innovation perspective. In particular, the notion of competitiveness has been expanded by specialized organizations such as the International Economic Forum (Schwab, 2019) and the International Institute for Management Development (IMD) (The Institute for Industrial Policy Studies (IPS), 2020). The focus of these organizations is to promote international peace and security, as well as to facilitate the formulation of a common concept for development. The experts of the International Economic Forum (Schwab, 2019) defined competitiveness as the attributes and qualities of the economy, which enables efficient use of the factors of production. The methodological concept is based on the growth of the accounting theory, which measures growth as the sum of the growth of factors of production (labor and capital) and the sum of factor productivity (measures factors that cannot be measured by labor, capital, or other factors of production). Meanwhile, improving productivity is the most important determinant of long-term economic growth. In this respect, national competitiveness is widely seen as a set of institutions, management trajectories, and factors (like investment growth, progress in integration, innovation in production with low productivity levels), which determine the level of the country's productivity. On the one hand, national competitiveness is regarded as a good business environment for global companies to invest in. However, on the other hand, it is viewed as the productivity of the industry (International conference, 2016; The Institute for Industrial Policy Studies (IPS), 2020). Ounnabi and Alaoui (2019) point out that Michael Porter is a recognized leader in the development of the competitive advantage theory. The scientist understands competitiveness as the result of macro- and micro-synergy arising from institutional conditions, and the competitive advantage of a nation as the dynamics of four attributes: factors (production parameters – human capital, raw materials, scientific capacity, capital); availability of competitive related industries; conditions of demand in the domestic market; firm strategy (structure and competition). These elements are supported by two other attributes: public policy and exogenous and historical elements. Cho et al. (2016) believe that Porter's four corners model (Moon, 2018) is one of the most effective approaches to understanding competitiveness, which was subsequently divided into two directions:

1. the double diamond model – expands the national competitiveness sphere, including domestic and international aspects;
2. 9-factor model – distinguishes between sources of national competitiveness, including physical (factor conditions, demand conditions, business context) and human (workers, politicians and bureaucrats, entrepreneurs, specialists) factors.

Considering the basis of these two directions, by integrating them into one structure, Cho et al. (2016) introduced a new integrated model. The advantage of the new model is that it incorporates the strengths of two areas, thereby broadening applicability not only to a group of developed countries, but also to developing countries. The new model was named the 9-factor double diamond (DD) model. Thus, the sphere of national competitiveness encompasses both domestic and international contexts, and the source of national competitiveness is physical and human factors. Of particular importance in practice is the activation of the diamond components by the state.

K. Schwab (2019) asserts that increasing national competitiveness is the key to improving the standards of living, and economic growth is the most important means of getting the country out of poverty and the main engine of human development. Meanwhile, for developing countries, in particular countries with economies in transition, the growth of gross domestic product (GDP) is crucial, namely, to improve the level of education, health care, food safety and the fight against poverty among the population. Dobrovic et al. (2018) note that in most cases, emerging economies fall into a vicious circle in which low levels of human capital operate with low levels of technological progress and weak innovation capacity. The rapid movement for a centrally planned country transformation into a country with a market economy twenty years on (International Monetary Fund, 2020a) resulted in the division of countries into two categories:

- one group of countries successfully completed the path of economic reorganization,
- while another group of countries stopped at different stages of their development.

Central and Eastern Europe (the CEE countries) and the Baltic countries joined the European Union (EU) at different times. Currently, these countries hold the leading positions in world rankings with regards to socio-economic development, such as the Human Development Index (HDI) (2020) and the Global Competitiveness Index (GCI) (Schwab, 2019). For their part, the countries of the Commonwealth of Independent States (CIS), many of which belong to the group of transition economies, underperform. In particular, Russia (International Monetary Fund, 2020b) and Azerbaijan (International Monetary Fund, 2020c) (CIS countries) have shared socio-economic history and features (dependence of the budget on revenues in the oil sector). Their real GDP growth as of the year 2020 constituted 4.1% (Russia, 2020) and 4.0% (Project "Azerbaijan – 2020", 2020), whereas the inflation rate equalled 3.2% and 3%, respectively. From another point of view, social progress in these countries is uneven. While considering the differences between these two countries, it can be said that Azerbaijan focused on laying the foundation of national parliamentarism and political pluralism, whereas Russia formed the basis for centralized authoritarian government and a single-party system of power. In view of this, the prospects for these states will not be identical (International Monetary Fund, 2020b). Azerbaijani economy has the potential for liberal reforms to expand foreign trade and competitiveness (Gulaliyev et al., 2017).

Riley (2020) notes that there are many ways to stimulate growth and development in the transition economies: rapid industrialization; investment in tourism or other services; trade liberalization; removal of subsidies; policies to attract domestic investment; strengthening the role of the price mechanism in the resource allocation; measures to increase income and savings, improving institutions; foreign aid; debt cancellation; investment in infrastructure; public investment in social security systems. For this to happen, one needs the ability to assess each of the government policies and select both advantages and disadvantages. Therefore, there is a need to study the experience of the developed world in order to elaborate different ways of choosing areas of cooperation. This study examined countries with transition economies, in particular Russia and Azerbaijan. Thus, in order for the economic analysis and political recommendations to be of a qualitative nature, it was necessary to conduct a local analysis of the economic development of a territory with a systematic review of the existing strategies and indicators for measuring competitiveness in the globalized market conditions.

This work compares progress in achieving high levels of national competitiveness of countries with different economic income levels. The assessment was based on the GCI (calculated by the World Economic Forum), which consists of variables that locally characterize the competitiveness of a national economy. Consequently, the results obtained are reliable and objective.

The scientific contribution of the study resides in the creation of a basic typology of strategies that makes allowances for the income level of the national economy.

The practical contribution of the findings presented is in the ability to perform the local analysis of the external and internal environment of the national economy to identify the problematic points of public policy and thus develop strategies to achieve sustainable growth.

The ultimate goal of this research work is to create a basic typology of strategies to improve national competitiveness in the context of globalization.

The objectives of the study are:

1. to make a comparative analysis of the existing economic development models and strategies in the framework of world practice;
2. to identify and substantiate the core typology of national competitiveness strategies in the globalized market conditions;
3. to indicate the implementation conditions at the macro level, using the example of developed and developing countries, in particular transition economies.

Methods

The study is based on the analysis of existing research (Burghelea et al., 2013; Cho et al., 2016; Moon, 2018; Ounnabi and Alaoui, 2019; Riley, 2020; Wibowo and Nurcahyo, 2020; Manyika et al., 2020; Hasmath, 2020), and employs the methodology of the international organizations, such as the World Economic Forum (Schwab, 2019) and the International Monetary Fund (International Monetary Fund, 2020a). Analysis and synthesis, visualization, comparative analysis and a systematic approach are used as the instrumental tools of the research. The GCI index is a tool for measuring national competitiveness (Schwab, 2019). The sources of data for this study were the official sites of the World Economic Forum (Schwab, 2019), the International Monetary Fund (International Monetary Fund, 2020a), the European Union (Burghelea et al., 2013), and the United Nations.

The research consists of three stages:

- conducting a literature review using the method of analysis and synthesis. In its turn, it helps to detail the strategies into the following component parts: types of models, purpose, key measurement indicators;
- creating an analytical sample of available practical strategies. The main results are visualized into a basic typology of strategies that meet the current global market conditions. Strategies were categorized according to two criteria (classification of countries by income level and location), and therefore, the study did not use mathematical tools. All strategies in world practice were divided into two groups: those that are relevant for governance in developed countries and countries with economies in transition;
- applying national strategies at the macro level using an optimal strategic combination based on assessing the competitiveness structure from a country profile perspective. This was achieved through using the World Economic Forum classification of countries (developed economies, developing economies, and economies in transition) and the GCI index measurement tool. This classification enables a comparison between the different economies of the world on three groups of competitiveness measuring: competitive potential (economic climate and innovative ecosystem), competitiveness (market), potential management (human capital). Besides, it allows one to highlight the most optimal practical strategies in accordance with the level of economic development of the country.

The assessment of the structure of national competitiveness is based on the GCI index methodology (Schwab, 2019): with a scale from 0 to 100, where 100 is an ideal state when the problem ceases to be a constraint on productivity growth. The classification of countries (developed economies, developing economies, and economies in transition) in this study was adopted solely for the purpose of the study.

This study suggests that, given the market globalization, the significance of national strategies is based on the core typology of practical strategies that depend on the country's production capabilities and its position in the GCI 4.0, covering 141 economies of the world.

The study has several limitations that should be considered. All measurements for this study were published in 2019, actually before the official announcement of the coronavirus infection COVID-19. Therefore, like any global crisis, the pandemic will have an impact on the economic governance models and the structure of the international system.

The object of the study is the polarization process of the national competitiveness strategy.

The subject of the study is the identification of the implementation features of national competitiveness strategies.

Results

The world community currently distinguishes three economic models: the European model, the American model, and the Asian model. The European model includes five sub-models (Burghelea et al., 2013):

1. Nordic sub-model (Sweden, the Netherlands, Denmark, Finland) – promoting social integration, social assistance to all citizens, a high degree of redistribution; open social dialogue;
2. Anglo-Saxon sub-model (Great Britain and Ireland) – social assistance is limited, state responsibility in ensuring human rights and freedoms, private insurance system, welfare liberalism;
3. continental sub-model (France, Germany, Austria, Belgium, Luxembourg) – high taxation level, high unemployment benefits concerning wages, high government spending on social protection, low income inequality;
4. southern sub-model (Greece, Italy, Spain, Portugal, Malta, Cyprus) – minimal state participation in social protection of the population (social benefits only for certain population categories), state control of the labor market (fragmented and not flexible), centralized approval of the economic wage indicator;
5. catching-up sub-model (CEE countries) – regulated labor markets, the presence of social dialogue institutions, the transition to a market economy, income inequality of the population.

The American economic model (Manyika et al., 2020) is based on the concept of illiberal capitalism and presupposes the primacy of private property; a market-competitive mechanism targeting a strong producer that does not need protectionist measures; high level of social differentiation of the population. The Asian economic model (Hasmath, 2020) includes a corporatism market model (China, Japan) in which the state is a public interests intermediary (formulates economic development programs, regulates investment activities in the country, financial markets, implements social policy and stimulates business activity). The formulation of development strategies for transition economies (Russia, Azerbaijan) (Maksmudova, 2016) is based on the attainment of the economic development level to the stage of developed countries. The mechanism for achieving the goal is the transition to market relations in which the market acts as a means to achieve the goal.

From data in Table 1, it can be stated that the American and European models are based on competitive market mechanisms of resource allocation, and the Asian model is based on the relationship between business and the state, with the priority given to the state-controlled allocation of resources. It should be noted that the American model is now recognized as the best model that encourages entrepreneurs and investors to innovate in order to ensure, commercialize and scale up the best ideas in practice. Just as the function of innovation financing is crucial for the private sector, so do large capital markets are valuable for the government, especially during pandemic-related (COVID-19) and company-level crises. The European model acts as a system of balance between income and performance with a focus on sustainable business and quality products. Moreover, the European model has proved to be capable of ensuring economic efficiency and social justice in society. The Asian model entails corporatism under the influence of the state, particularly intellectual property. The economies in transition are now in a catching-up mode of economic modernization, characterized by technological upgrading of production, structural transformation of the economy and transition to an innovative development path.

Table 1. Existing approaches of economic strategies in world practice.

Strategy specification				
Types	Components	Sub-models	Aim	Advantage
<i>American model</i>				
economic growth and prosperity, due to the contribution of the private sector (large/small business/ entrepreneurship), with growing social inequality in the lower income quintiles	-economic growth -political freedom	neo-liberal model of capitalism	income-generating	highlights the advantages of the market
<i>European model</i>				
promotes the expansion of the monetary economy. The real economy relies on the indicators of continuity, sustainability and stability created by the nominal economy	-economic growth -political freedom	Nordic; Anglo-Saxon; continental; southern; catching-up	social	inclusiveness
<i>Asian model</i>				
Organizing key segments of society into separate associations based on the common interests (business / performance / employment) that work together in order to achieve harmonious results	-economic growth -social cohesion	corporatism	social	socialist market
<i>Economies in transition</i>				
high degree of state intervention in the economy, specific form of business organization, state investment in the expansion and renewal of the economic infrastructure, stimulation and control of domestic and foreign investors, state protectionist policies	-economic growth	a catching-up model for the economic modernization based on two models: -shock therapy -gradualism	macroeconomic stability	competitiveness of the national economy
<i>By purpose</i>				
development-oriented policies that aimed at enhancing performance through investment and savings		distribution-oriented policies that promote equality through income distribution and redistribution and promote short-term consumer benefits		
<i>Key indicators of national competitiveness</i>				
competitive potential (economic climate and innovation ecosystem)		competitiveness (market)	management process (human capital)	

-institutions; -infrastructure -introduction of ICT; -macroeconomic stability	-business dynamism; -innovation potential	-commodity market; -labour market; -financial system; -market size	-health; -expertise
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Source: Burghilea et al., 2013; Maksudova, 2016; Schwab, 2019; Manyika et al., 2020; Hasmath, 2020.

It should be noted that different models of economic development involve different practical strategies that can result in the successful development of national economies. Table 2 analyses a variety of practical strategies that are used in the current context of market globalization in countries at different economic development levels.

Table 2. Basic typology of development strategies in a globalized market.

Types of strategies	Description
Strategies for autonomy and cooperation within the international system	Formation of the strategic alliances to enhance competitiveness in domestic and external markets, considering the competitive advantages and disadvantages of the parties to a strategic alliance.
Differentiation strategies	A strategy focused on delivering more value to consumers (not including the low price parameter) through the supply of high-quality goods and high level of accompanying service at reasonable prices. The strategy pursues high cost and high quality.
Low-cost strategies	The strategy assumes maximum cost superiority over competitors. It pursues low cost and low quality. Strategies focus on savings, loss control, strict budget compliance, control and lack of privileges for the performers. It pursues a high-quality product at a cost lower than that of competitors.
Social investment strategies	It involves sustainable management and ESG indicators (sustained growth and a focus on social outcomes), seeks to obtain market returns and needs to measure impacts.
Merger and acquisition strategies (alliances)	Combining activities in order to strengthen technological advantages expand product mix, broaden competitive advantages, leading positions in global markets.
Disintegration and outsourcing strategies	Use of an external source (company in the proper area) to perform a number of functions based on the contract.
Export-oriented strategies	International industrial cooperation for optimization of integration processes in the sphere of innovations based on the application of subcontracting.
Import-substitution strategies	Formation of diversified industrial complexes to fill the domestic market and learn from leading technologies for further exports.

Source: Nikulina and Kuznetsov, 2016; Ounnabi & Alaoui, 2019; Schwab, 2019; International Institute for Sustainable Development, 2020.

Visualization of a basic typology of practical strategies for improving national competitiveness (Table 2) is used in practice. It enables the application of corresponding strategies to reflect the relevant government policies considering the profile of the national economy due to the optimal strategy combination. However, this requires assessing the competitiveness structure in terms of the economy's profile in order to make policy choices and decisions at the macro level. Such an approach will enhance national competitiveness, as it is based on measures of competitiveness that align with the current stage of economic development.

The main indicators of national competitiveness fall into three groups: competitive potential (economic climate and innovation ecosystem), competitiveness in terms of market efficiency (market), and management (human capital). Tables 3 and 4 show the application of practical strategies (Table 2) based on an assessment of the profile of the national economy.

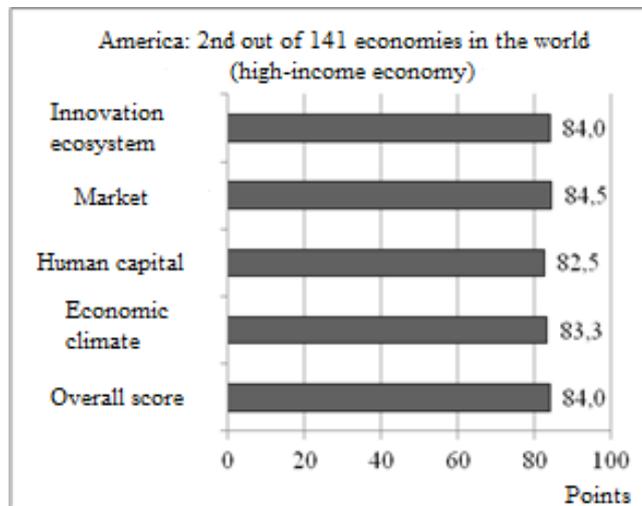
The economic growth of the US is driven by large market size and a strong innovation ecosystem. This country occupies a dominant position in the world market, as evidenced by Table 3. In the meantime, the economic progress of two other analyzed developed states (Japan and Germany) stems from the high level of human capital development and the stabilization of the economic climate. As shown by the practical experience, such a strategy also contributes to the development of the world economy and, as a result, to an increase in the general population welfare. However, it should be admitted that this process is possible due to mutual competition with America in the areas of trade, the innovative ecosystem, human capital, and the economic climate. Correspondingly, it can be stated that the following types of policies are relevant for this stage of economic development: social investment, mergers and acquisitions, differentiation, autonomy and cooperation within the international system, outsourcing.

Table 3. Competitiveness structure and national strategies for the developed world.

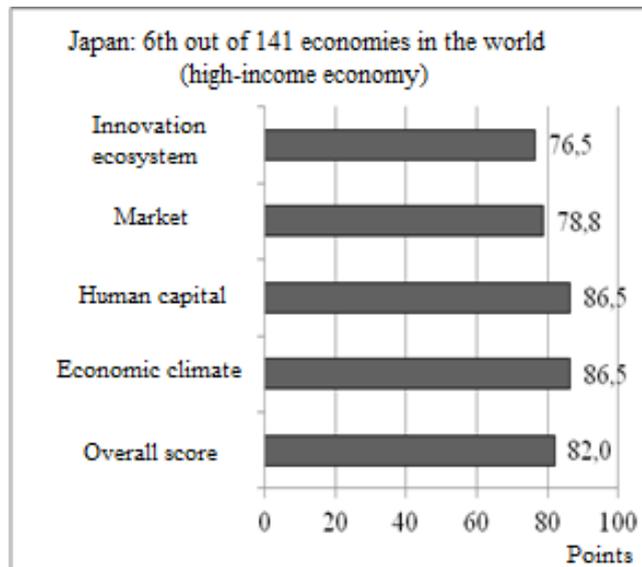
Structure of a country's competitiveness by level of economic development

Choice of a strategy to enhance national competitiveness based on an assessment of a country's competitiveness structure

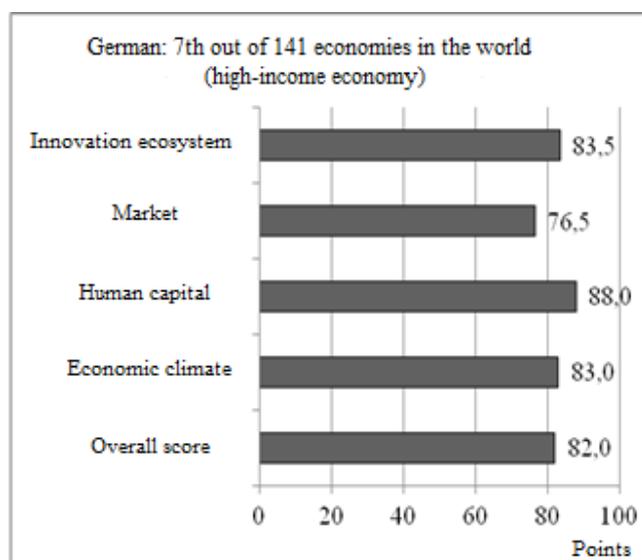
Developed countries



America is ranked 2nd in the GCI 4.0 rating, 2019. America's strong suit is the market (84.5 points). The innovation ecosystem (84.0 points) and the economic climate (83.3 points) are in the middle. The weaker party is human capital (82.5 points). The overall assessment of competitiveness is 84.0. Therefore, America is a country where the strong suits are strengthened by the size of the market, and human capital remains a weaker party. Countries with such a competitive structure can be even more successful with social investment (development-oriented strategy) and mergers and acquisitions (diffusion-oriented strategy).



Japan is ranked 6th in the GCI 4.0 rating, 2019. The strong suits of Japan are human capital and the economic climate (86.5 points). The market (78.8) is in the middle. The weaker party is the innovation ecosystem (76.5). The overall assessment of competitiveness is 82.0. Therefore, Japan is a country where the strong suits are strengthened by human capital and the economic climate, with an innovative ecosystem as a weaker party. Countries with such a competitive structure can be even more successful in applying a differentiation strategy (a development-oriented strategy) and an autonomy strategy for domestic market development and cooperation within the international system (dissemination-oriented strategy).



Germany is ranked 7th in the GCI 4.0 rating, 2019. Germany's strong suit is human capital (88.0 points). The innovation ecosystem (83.5) and the economic climate (83.0) are in the middle. The weaker party is the market (76.5). The overall assessment of competitiveness is 82.0. Therefore, Germany is a country where the strong suits are strengthened by human capital, and where markets is the weaker party. Countries with such a competitive structure can be even more successful in applying an autonomy strategy for domestic market development and cooperation in the international system (development-oriented strategy) and an outsourcing strategy (dissemination-oriented strategy).

Source: according to data from Schwab (2019).

Transition economies, particularly Russia and Azerbaijan, ranked 43 and 58, respectively, in the Global Competitiveness Index 4.0, as evidenced by Table 4. This competitiveness structure indicates that these

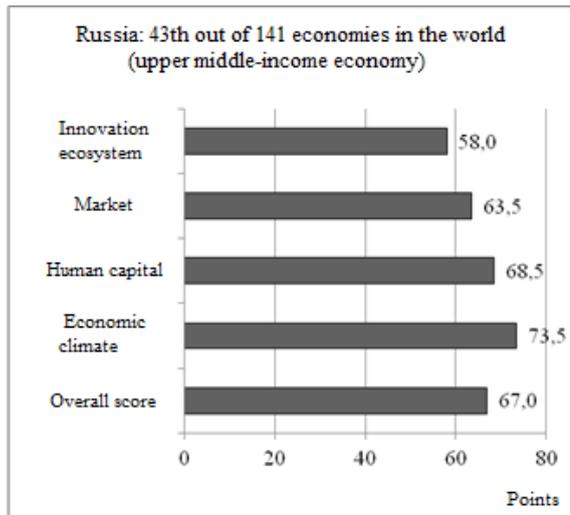
countries have problems in selecting and implementing national macro-level strategies and should learn from the experiences of the leading countries in order to increase national competitiveness. It can be stated that such types of strategies as import-substitution and export-oriented strategies comply with this stage of the economy. The results obtained indicate that it is necessary to move towards strategies typically employed by developed countries. These include differentiation, autonomy, and cooperation within the international system with the future development of the national economy.

Table 4. Competitiveness structure and national strategies for transition economies.

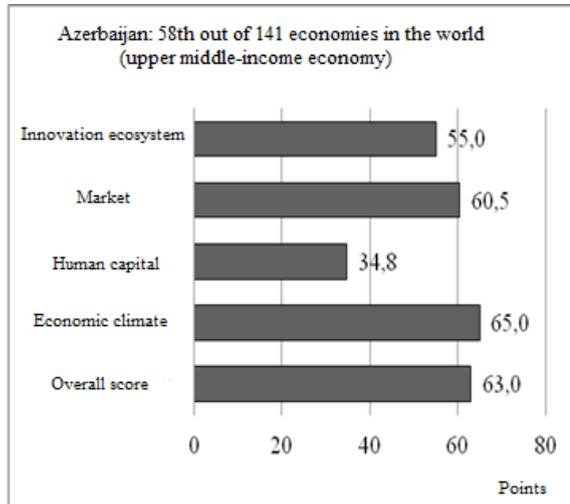
Structure of a country's competitiveness by level of economic development

Choice of a strategy to enhance national competitiveness based on an assessment of a country's competitiveness structure

Transition economies



Russia is ranked 43th in the GCI 4.0 rating, 2019. Russia's strong suit is the economic climate (73.5 points). Human capital (68.5 points) and the market (63.5 points) are in the middle. The weaker party is the innovation ecosystem (58.0 points). The overall assessment of competitiveness is 67.0. Therefore, Russia is a country in which its strong suits are strengthened by macroeconomic stability, with innovation ecosystem as a weaker party. Countries with this competitive structure can be even more successful in applying a strategy at the initial stage of an economic development, a national strategy must be import-substituting, but as the national economy develops, it is advisable to adopt differentiation strategies.



Azerbaijan is ranked 58th in the GCI 4.0 rating, 2019. The strong suit of Azerbaijan is the economic climate (65.0 points). The market (60.5 points) and the innovation ecosystem (55.0 points) are in the middle. The weaker party is human capital (34.8 points). The overall assessment of competitiveness is 63.0. Therefore, Azerbaijan is a country where the strong suit is strengthened by the economic climate, and human capital remains a weaker party. Countries with such competitive structures can be even more successful in applying export-oriented strategies, but as the national economy develop, it is advisable to adopt strategies of autonomy and cooperation within the international system.

Source: according to data from Schwab (2019).

In summary, once a country has identified its strengths and weaknesses (Table 3 and 4), it can execute strategic planning to improve national competitiveness by integrating policy conditions and priorities into a unified system. Therefore, state policies should determine the competitiveness structure of their country by assessing the stage of economic development. This stage will show whether their country is catching up the leading economies in terms of basic competitiveness indicators, or whether it needs to learn from the experience of those countries that are performing better in the selected areas. The statistical analysis data presented in this study through histograms of GCI rankings that take into account the income level of a particular economy enabled revealing that the transition countries face serious difficulties. Thus, the central trouble of Russia is embodied, first of all, in weak innovation potential, whereas for Azerbaijan, the main problem is the combination of low human capital with poor technical progress and limited innovation potential.

Discussion

The study reviewed the main models and strategies of economic development in world practice. Moreover, the competitive advantages of each model were described. As a whole, the results of the study displayed that the

American economic model is the most productive in world practice and serves global interests. Our results are affirmed by the following scientists: Capobianco-Uriarte, et al. (2019) who reviewed case studies concerning competitiveness in an international setting and found that the USA specializes in competitiveness and innovation, while being the most productive country in the world. At the same time, the European economic model promotes the cohesion of purpose and approach in all policies oriented towards the structure of the international system. The European Competition Rules (European Commission, 2019) allow enterprises of all sizes a fair chance to compete and help European consumers to enter into fair deals within the domestic market. Enforcement of EU competition rules creates open and competitive markets that make European firms more efficient, innovative, and competitive on a global scale. The Asian model includes social intervention policy. Under this model, according to M. Sarel (1996), the governments in Asia implement both microeconomic (secure property rights, regulate laws, provide adequate public goods, avoid high tax rates, control prices) and macroeconomic (ensures a stable pricing policy for goods and services, avoids budget deficits, promotes the integrity of the banking system, provide open markets and a realistic exchange rate) functions. In the group of transition economies, government policies (Ilin et al., 2014; Maksudova, 2016) strive to strengthen the macroeconomic process of stabilization. Meanwhile, national competitiveness is enhanced through the transformation of new market systems. It should also be noted that in a globalized market all groups of countries concern about economic growth. Therefore, in this context, the notion of national competitiveness is used in order to analyse economic development. Thus, globalization has created both socio-economic and political opportunities, involving all groups of countries that have existing differences and contradictions in their current economic development patterns. Seo and Cho (2016) found that a decrease in competitiveness occurs if it uses strategies that do not match the changing external environment and domestic conditions, but there is always the possibility of increasing national competitiveness if effective strategies are applied. A review of various development and dissemination strategies has determined a basic typology of practical strategies. In order to enhance competitiveness in developed countries, the authors proposed to focus on high-quality products and achieving sustainable development aims, namely, social investment strategies, mergers and acquisitions, differentiation, autonomy and cooperation within the international system. In their turn, it was proposed for transition economies to focus on export-oriented and import-substituting strategies, with a subsequent shift (as the national economy develops) to macro-level strategies implemented in developed countries.

Stec and Grzebyk (2018) state that currently there are no established guidelines, indicators or methods that can be used to measure progress towards national competitiveness. Scientists assert that analysts are not constrained by economic or other theories for use in measurement practice and identify three main measurement utility functions:

1. narrowing the scope of the study to describe the policy effectiveness;
2. simplifying for public policymakers and society to be aware of the strengths and weaknesses of the economy;
3. providing practical guidance to develop policy.

Considering the functions that the main indicators of competitiveness perform and the content and availability of data, the analysis of indicators provided by the World Economic Forum was used. In this context, competitiveness (Schwab, 2019) is measured by the share a country occupies in its markets due to its level of resources and economy development. It is within this context that competitiveness becomes synonymous with overall productivity. The study shows how the achievement of productivity growth can be not only compatible with social equity and sustained growth in developed country groups, but also stimulate qualitative economic growth in transition economies. The transition to such a development path requires public policymakers to decide on practical strategies to improve national competitiveness that, in their turn, are based on an assessment of economic development. Amadi (2020) assumes that under market globalization and the economic shock of the COVID-19 pandemic, many opportunities are currently being created for policymakers around the world. This includes opportunities to review the quality of work of the current economic development models and its compatibility with present and future challenges and opportunities. The scholar identifies the following requirements for economic models relevant in the current conditions of globalization: how to ensure inclusive capitalism; how to develop market mechanisms and where to apply them; the role of government and industrial policy, the role of corporations in solving social problems. At the same time, the achievement of environmental, social and economic growth is recognized in both developed and developing countries, particularly in transition economies.

Conclusion

The conducted analysis showed that practical strategies were largely based on the country-specific model of economic development. It was established that world practice identifies three main economic development models: American, European and Asian, with the American economic development model being the most effective. In particular, transition economies apply a catching-up model of economic modernization. The study

also identified implementation features of national competitiveness strategies based on the assessment of progress proposed by the World Economic Forum. The assessment enabled comparisons between different groups of countries, taking into account measurements for three groups: competitive capacity (economic climate and innovation ecosystem); competitiveness in terms of market efficiency (market); and management (human capital) to group them according to the level of progress and to choose a strategy to improve national competitiveness. The results obtained showed that representatives of the American (US), Asian (Japan), and European (Germany) economic development model are among the top 10 economies in the GCI 4.0 ranking. At the same time, the representatives of the catching-up model of economic modernization (Russia, Azerbaijan) achieved above average (43rd out of 141 economies of the world) and average (58th out of 141 economies of the world) level of progress in the implementation of state strategies. Thus, the states analysed use different economic models and belong to different groups of countries by income level. Consequently, they represent good case studies for comparing the policy experience of economically developed (USA, Germany, Japan) and developing countries, in particular, Russia and Azerbaijan. In summary, practical strategies are a priority for developed countries, as evidenced by the structure of national competitiveness in terms of country's economic profile and position in the GCI 4.0 ranking. In their turn, transition economies do not pay due attention to the objectives of long-term national development programs, in particular the choice of national strategies.

The study also showed that a strategy is a tool for adapting the national economy to market globalization. In this context, the authors recommend the following:

- to choose a practical strategy to enhance national competitiveness by assessing the structure of competitiveness corresponding to the economic potential;
- adopt a systemic approach that integrates public policy with the international system in terms of unified coordination in the area of global competitiveness 4.0.

The study is practical guidance for providing a statistical assessment of the stage of national economic development, taking into account the strengths and weaknesses. The work has practical relevance as it provides an assessment of the current situation in terms of national competitiveness and the effectiveness of state policies. Accordingly, it can be further taken advantage of by the states with insufficient competitiveness progress to learn from developed economies reviewed. Based on the experience of the developed countries, preliminary conclusions can be drawn, and directions for changes necessary to achieve effective benefits can be developed. This approach, based on economic growth, will enhance national competitiveness while providing equal basic opportunities for all.

The results of the conducted investigation can be used by governments worldwide to analyse public policy issues and develop strategies to achieve sustainable growth.

Future studies should go beyond the use of intercountry benchmarking at the global level and focus on thorough comparative case studies of the main elements of successful practical development and dissemination strategies.

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