

UDC 658:005.332.4

Ripa T.V.

PG Student of the Department of Financial Audit  
of Kyiv National University of Trade and Economics

## TOPICAL ISSUES OF EFFICIENCY MANAGEMENT OF COMPETITIVENESS OF TRADE ENTERPRISES

The article examines the economic essence of competitiveness of enterprises, analyzes and summarizes the main approaches to its interpretation, the features of competitiveness of trade enterprises, and also developed the mechanism of interaction between competitors in the market of goods and proposed organizational actions for increase of efficiency of management by competitiveness of trading enterprises.

**Keywords:** competition, competitiveness, management of competitiveness, competitive advantage, competitive relationship, product, market, trade.

### Рипа Т.В. АКТУАЛЬНІ ПИТАННЯ ЕФЕКТИВНОСТІ УПРАВЛІННЯ КОНКУРЕНТОСПРОМОЖНІСТЮ ПІДПРИЄМСТВ ТОРГІВЛІ

У статті досліджено економічну сутність управління конкурентоспроможністю підприємств торгівлі. Проаналізовано та узагальнено основні підходи до її тлумачення, розкрито особливості конкурентоспроможності підприємств торгівлі. Розроблено механізм взаємодії конкурентів на ринку товарів та запропоновано організаційні заходи щодо підвищення ефективності управління конкурентоспроможністю підприємств торгівлі.

**Ключові слова:** конкуренція, конкурентоспроможність підприємства, управління конкурентоспроможністю, конкурентні переваги, конкурентні відносини, товар, ринок, торгівля.

### Рипа Т.В. АКТУАЛЬНЫЕ ВОПРОСЫ ЭФФЕКТИВНОСТИ УПРАВЛЕНИЯ КОНКУРЕНТОСПОСОБНОСТЬЮ ПРЕДПРИЯТИЙ ТОРГОВЛИ

В статье исследована экономическая сущность управления конкурентоспособностью предприятий торговли. Проанализированы и обобщены основные подходы к ее интерпретации, раскрыты особенности конкурентоспособности предприятий торговли. Разработан механизм взаимодействия конкурентов на рынке товаров и предложены организационные мероприятия по повышению эффективности управления конкурентоспособностью предприятий торговли.

**Ключевые слова:** конкуренция, конкурентоспособность предприятия, управление конкурентоспособностью, конкурентные преимущества, конкурентные отношения, товар, рынок, торговля.

**Introduction.** The presence of competitive advantages in trade enterprise is conditioned by its success and ability to participate in the competition. Any enterprise trading tends to occupy the best positions in the market, becoming a sales hit. It is possible only on condition of maintenance of competitive advantage for a long period of time.

By the competitive advantages of the company, which carries on business in the area of trade, we should mean its high competence in attracting new customers and retaining commitment to existing product lines. Along with this, it is important not only to obtain competitive advantages, but also the ability to protect and preserve them via innovation, new products, changes in marketing strategy and etc.

In the modern business environment the need for effective management of the enterprise competitive trade increases. Such tendency is caused by the large number of vendors that offer to Ukrainian consumers goods, similar in quality and functional characteristics.

A large number of scientific papers is dedicated to the study of management of the competitiveness of businesses. However, taking into account the rapid development of market economy, trade is undergoing significant changes, hence the need to study the efficiency management of competitiveness of trade enterprises.

**An analysis of recent research and publications.** Such foreign and national scholars like A. Smith, D. Ricardo, J.S. Mill, A. Marshal, F. Hayek, E. Chamberlain, J. Schumpeter, M. Porter, H.L. Azoyev, S.B. Alekseyev, L.V. Balabanova, V.O. Vasylenko, H.O. Voronin, I.Z. Dolzhanskyi, O.I. Drahan, O.I. Kovtun, A.O. Levytska, A.A. Mazaraki, D.M. Pshe-slinskyi, I.V. Smolin, R.A. Fatkhutdinov and many others were exploring different aspects of the competitiveness of enterprises.

However, despite the significant contribution of these scientists in the development of methodical and practical tools of management of competitiveness and the results of their research, there is no single approach to improve the competitiveness of trade enterprises considering internal and external factors in the conditions of an open economy.

**Statement of research objectives.** The purpose of the article is a research and analysis of businesses and the development of recommendations to improve the competitiveness of enterprises.

**Results.** The scientific community recognized that competition – is a multifaceted phenomenon that can take many forms. For trade enterprises competition is an important part of economic activity, as it provides economic benefits. It is possible due to increase of sales, augmentation of the customer base by raising the quality of products and capture of large segment of the market.

The complexity and multidimensional nature of the factors system, affecting the competitiveness of trade enterprises, necessitates the development of an effective comprehensive system of management.

Management of competitiveness of trade enterprises – is a set of techniques and methods to influence the level of competitiveness through innovative technologies, efficient resource utilization etc. , in order to create and implement competitive advantages.

Competitive status should reflect the ability of subject of market relations not only to create, but also to maintain competitive advantages. As a result, its assessment cannot be limited to the level achieved, moreover, such an approach already reflects the previous period [1, p. 125].

The low level of competitiveness is a testament to the current inefficient management.

According to the writings of such scholars as A.A. Neshchadin, I.V. Lipsits, A. Eikalpash, the efficiency of management of competition behaviour of subjects of the market depends to some extent on the ability to enter the market [2]. Along with this I. Kalyuzhna, I.V. Hvozdetzka [3] determine the competitiveness of goods as the main prerequisite for successful market entry. In their turn S.V. Tyutyunnykova, O.V. Kot, R.V. Levin [4] claim that the basis is the appropriate marketing strategy and L.A. Haiduk [5] and O.I. Kovtun [6] emphasize the decisive influence of innovations involved in competitiveness providing system of enterprises.

It is known there are specific factors when entering the market, the impact of which causes the obstacles during the business organization that prevent effective management of competitiveness [7]:

- absolute advantage in costs (product cost);
- economy of scale (concentration);
- capital expenditures required to enter the market;
- the cost of packing products and their advertising;
- behaviour strategy of the subjects of the market

that complicates the entry of potential future competitors to the market.

Competitiveness of an enterprise cannot be shown independently of factors acting at the level of state, industry and product, but the only center of its formation are the subjects of market relations that meet the needs of consumers in conditions of market rivalry. State and industry create opportunities for achieving and retaining competitiveness of enterprises, but are not the subjects of competition [1, p. 124].

Taking this into consideration it should be noted that the competitive advantages of trade enterprises are the result of effective management of competitiveness and are formed under the influence of several factors. The main among them are:

1. The emergence of large companies (retail chains) significantly affects the market structure, as they displace small businesses and seize market sectors, which are freed.

2. Innovations may affect significantly the product life cycle, the amount of investment, stock list, technological characteristics and so on.

3. Marketing strategy – searching and the use of new methods and tools to promote products on the market, their differentiation, creation of new or improved existing sales channels determine the conditions of effective management of competitiveness.

4. Changes of the structure of customers – the demand for commodities is changeable. Instead of purchasing expensive goods, buyers can choose products of mass consumption, with lower prices.

5. Changing the quality characteristics of the goods stimulates the demand, as result may be increase of the level of differentiation of competitors in the market. Improvement of product is a significant factor which determines the impact of marketing costs, ways of selling etc.

6. The policy of state regulation of the economy significantly affects the market structure and competitive conditions. The weakening of state regulation stimulates competition, strengthening – on the contrary.

7. The cost structure and the degree of efficiency – trade enterprises, which are characterized by effective management of business processes, are able to reduce the cost per unit of product.

Taking into account that competition – is a rivalry, a strife to achieve certain goals, best results, etc. [8, p. 52], the effectiveness of the management of competitiveness of trade company largely depends on the interaction the business entity with competitors. The driving forces in this case are:

- gain of the most profitable market position defines the rivalry between competitors;
- the result of competition between trade enterprises may be not only a gain but a loss of competitive advantages as well.

- any trade enterprise interested in choosing such strategy of management of competitiveness, the use of which by other sellers will not create for them competitive advantages or economic benefits.

Under the conditions of instability of the environment and a high level of differentiation factors of influence in order to ensure effective management of competitiveness there is an urgent need for interaction between the subjects on the market (Figure 1). In the proposed by us mechanism of interaction on the market, the subject of the management of competitiveness is a trade company which tends to increase its level of competitiveness. With that it uses the tools and methods of interaction with competitors on the market, taking into account the implementation of the main provisions of management strategy.

Management of competitiveness of enterprise – is a system of consistent purposeful actions in relation to the basic subsystems (target, providing, functional and directional) that govern the selection process of the development strategy, and ensure the competitiveness of company and products in the domestic and international markets and promote stable financial stability [9, p. 84].

The efficiency management of competitiveness of trade enterprises involves not only keeping the leading position on the market, but increases competitiveness as well. It should be viewed as a long-term sequential search process and implementation of management decisions in all areas of its operations, implemented gradually, according to the chosen strategy of long-term development, taking into account changes in the external environment and the state of the enterprise assets, and appropriate adjustments [10].

The main organizational measures that enhance the level of competitiveness of enterprises, include [11]:

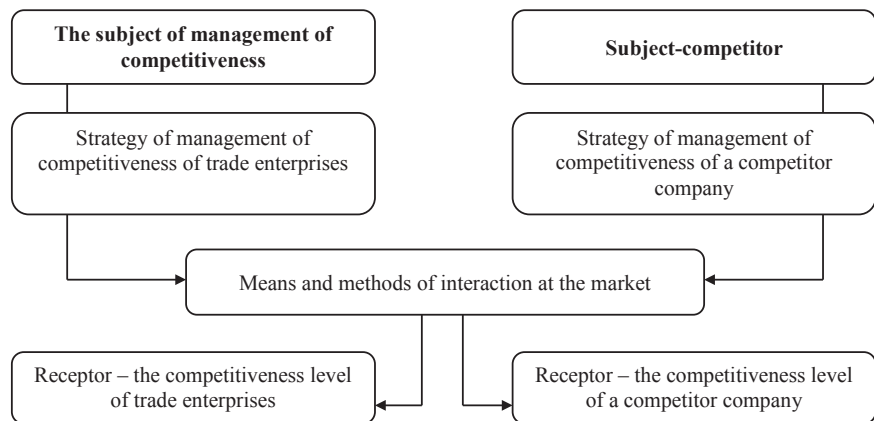


Fig. 1. The mechanism of interaction between trade enterprises and competitors at the market

- provision of products priority;
- change of product quality and its technical parameters with the purpose of accounting requirements of the customer and his specific requests;
- detection of product benefits compared with the substitutes;
- detection of drawbacks of me-too products that competitors produce;
- a study of activities of competitors on improving similar goods;
- detection and use of price factors of increase the competitiveness of products;
- new priority areas of the use of the product;
- product differentiation, providing a relatively stable consumer preferences to certain types of substitute goods;
- the impact directly on the consumers by artificial limitation of new products arrival to the market, advertising, providing cash or suppliers' credit.

Therefore, the system of directions of improving the management of competitiveness, the basis of which is the focus on environment of impact (Fig. 2).

The external directions include: pricing policy, marketing strategy (of advertising), expansion of product lines, the policy of interaction with suppliers and intermediaries (such as increasing the number of trade representatives in the market) etc.

Among the internal directions the innovative activity of business entities is considered to be the most effective. Therefore, on the basis of main principles of the classification of innovation proposed by J. Schumpeter [12, p. 158] for domestic trade enterprises in the conditions of an open economy the following types will be the most appropriate:

- 1) innovations resulting in perfect extension of the product lines;
- 2) innovative approach to the use of products that do not affect its quality characteristics;
- 3) search and use of new ways to enter the markets through innovations;

- 4) involvement of new sources by the enterprise;
- 5) the differentiation of organizational and institutional forms.

The motivation of staff takes an important place. For trade enterprises first of all it is the development of motivational programs, bonuses for employees who perform planned targets, advanced training of workers, and others.

One of the directions of the efficient management of competitiveness of trade enterprises is the efficient resource utilization (labour, material and financial resources). Any trade enterprise operates with limited resources. Consequently, there is a need of their rational utilization, that includes: technical modernization of the enterprise (the use of modern means of distribution automation), effective job arrangement and so on.

In the current economic conditions the company has to form information provision. Along with this it is necessary not only to own actual, operational, reliable information, but also to use it skillfully. Therefore, due to this, the following features should be provided for the competitiveness of enterprises in the information plane [14]:

1) dynamic – is a criterion of the competitiveness of the temporal nature, means the position of the object in a competitive field in the coordinates of time as a result of its competitive activities;

2) relevance – competitive advantages of the company relative to another one can be defined only within a relevant environment;

3) currentness – is data on the development of technologies that reflect the current state of advanced technological achievements of the company;

4) relativity – when competitiveness is shown by comparing the characteristics of a given enterprise with the characteristics of another one, operating in the same market.

The sum-total of directions of the improvement of the efficiency of management of competitiveness of trade enterprises – is a system of factors that determine possible ways and reserves of increasing competitiveness of businesses.

Therefore, the strategy of competitiveness – is a system of individual elements linked by a common goal – to improve the competitiveness of trade and the maintenance of a high level. This process consists of five stages (Table 1).

At the first stage of improvement of the effectiveness efficiency management of competitiveness of trade enterprises the purpose and the main task of the process are defined. The second stage, analytical, consists in the analysis of situation on the market (industry analysis) and assessment of

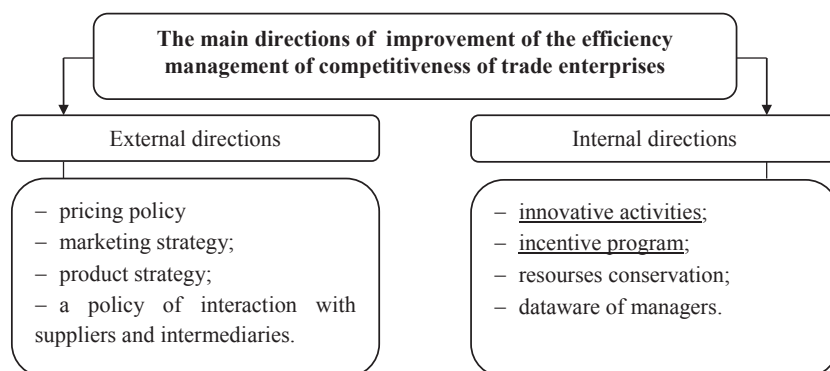


Fig. 2. The main directions of improvement of the efficiency management of competitiveness of trade enterprises

Table 1

Improvement stages of the efficiency of management of competitiveness of trade enterprises

№	The name of the stage	Content description
1	Organizational stage	- the formulation of objectives and common tasks.
2	Analysis stage	- the analysis of the market situation; - the analysis of condition of a specific trade enterprise.
3	Research stage	- the analysis of the factors that determine the level of competitiveness of trade enterprise; - determining the competitive advantage of the enterprise.
4	Preparatory stage	- strategy selection (reducing the cost price of the goods, the differentiation of the commodity range, focusing on the needs of the market).
5	Final stage	- the implementation of strategy and its control.

the state of the company. The third stage involves the study of factors that determine the level of competitiveness of a particular trade enterprise its competitive advantage. At the fourth one the choice of strategy is carried out, and on the fifth – it is implemented.

It should be noted that the proper organization and implementation of these steps ensure the result, namely – the possibility of winning by trade enterprise higher market segment and the increase of its competitiveness, including obtaining new competitive advantages.

**Conclusions.** So, there are many approaches in the management of level of competitiveness. But in the process of investigation we have found that the scope of the trade has its significant specific features. This caused the development of the mechanism of interaction of competitors on the market of goods and determine the driving forces that govern this process.

We have proved the importance of the effective management of the level of competitiveness of trade enterprises and suggested organizational measures contributing to this.

According to the results of the study we developed main directions of increase of efficiency of management of competitiveness and their role in ensuring the continuity of activity of enterprises.

#### REFERENCES:

1. Mazaraki A.A., Psheslinsky D.N., Smolin I.V. Merchant: strategy, policy, competitiveness. Monograph. – K.: KNUPE, 2010. – 125 p.
2. Vyhodorchyk A.I., Neschadyn A.A. Lipsits I.V. Akelpash A., Rybakova T.A., Kaazer M. Ways of Increase competitiveness of enterprises. // *Ekonomyst* – 2006. – № 11. – PP. 67-71.
3. Kalyuzhna I.U. Competitive product – the basis of successful entry to foreign markets / I.U. Kalyuzhna, I.V. Gvozdetka // *Herald of Khmelnytsky National University. Economic science.* – 2014. – № 3 (2). – PP. 146-149.
4. Tyutyunykova S.V. Theoretical Foundations of marketing strategy for domestic companies when entering foreign markets / S.V. Tyutyunykova, O.V. Kot, R.V. Levin // *The economic strategy of development of trade and services.* – 2010 – Vol. 2. – PP. 393-399.
5. Hayduk L.A. Innovation as a factor of competitiveness of enterprises Ukraine / L.A. Hayduk // *Proceedings NDFI.* – 2014 – Vol. 1. – PP. 22-28.
6. Kovtun O.I. Innovative strategies in the system of competitiveness for domestic enterprises: theoretical and methodological principles of formation and realization: monograph / O.I. Kovtun; Ukoopspilka, Lviv. commercial. Acad. – Lviv: Lviv Commercial Academy, 2013. – 351 p.
7. Korobov U.I. Theory and practice of competition. – Saratov: SGEA, 2006. – 174 p.
8. Modern Ukrainian Encyclopedia. Vol. 7. – Kharkiv: Book Club «Family Leisure Club», 2004. – 416 p.
9. Dragan O.I. Management of competitiveness of enterprises: theoretical aspects. Monograph. – K.: DAKKIM, 2006. – S. 84.
10. Mocherny SV, Larina J. S., S. Fomishyn world economy under globalization [text]. – K.: Nikatsentr, 2006. – 200 p.
11. Dolzhanskiy I.Z., Zagorna T.O. The competitiveness of the enterprise: teach. guide [Text]. – Kyiv Center of educational literature, 2006. – 384 p.
12. Storper M. The Regional World: Territorial Development in Global Economy / M. Storper. N.Y.; Guilford Press, 1997. – 338 p.
13. Tuzhylnina A.V. Increasing of the importance of intangible motivation factors in the formation of human capital in the modern enterprise Ukraine / O.V. Tuzhylnina // *Actual problems of economy.* – 2010. – № 9. – PP. 37-41.
14. Borysiuk I.A., Eremenko A.V. The main directions of improving the competitiveness of enterprises / I.O. Borysiuk, A.V. Eremenko // *Problems efficiency infrastructure.* – 2012. – № 33 [electronic resource]. – Access mode: <http://jrn1.nau.edu.ua/index.php/PPEI/article/view/409>