

# STRATEGIC ENTERPRISE COMPETITIVENESS MANAGEMENT UNDER GLOBAL CHALLENGES

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## ABSTRACT

*The competitiveness of an enterprise is an important element of a market economy, which testifies to the ability of an enterprise to adapt to market conditions and to hold a strong market position in the long run. A comprehensive study and analysis of the enterprise competitiveness with the purpose of strategic management of this process – this is one of the areas of strategic studies, the result of which is to determine the attractiveness of market segments, and which is used to create a strategy for enterprises in terms of production and marketing. In order to increase the competitiveness of the enterprise it is necessary to carry out a systematic assessment of it. Its carrying out allows to form a reasonable opinion on the prospects of further economic activity, and also helps to develop a set of effective recommendations, preventive measures and accordingly increase the competitiveness of the enterprise potential. Of course, when a company evaluates competitiveness, it will be possible to identify strengths and weaknesses in this matter and thus develop a further action plan. Theoretical and empirical research methods, resource potential, competitive advantages were used in the work. The study was based on the financial statements of the trucking companies. The analysis of the level of competitiveness was carried out using the example of five companies. The recommendations on improvement of the level of competitiveness of the Ukrainian enterprises in the world market were offered.*

**Keywords:** Strategic Competitiveness Management, Evaluation Methods, Competitive Environment, Integral Indicator.

**JEL Classifications:** M5, Q2

## INTRODUCTION

The presence of certain competitive advantages indicates the achievement of significant final results in comparison with the results of competitors. Taking into account competitive advantages enhances the effectiveness of the choice of strategy for positioning goods and services in the market due to the correct choice of target market segments and focus, including financial one, on them.

There is no such anti-competitive strategy that would be ideal for all businesses. Each enterprise must take into account the scale of its activities and position in the industry compared to its competitors. The competitive environment is characterized by difficult conditions existence of a number of negative factors of influence on the level of competition in the country. In particular, there is a decrease in the supply of goods, works and services

due to a general decrease in gross domestic product (GDP), a decrease in industrial output, a decrease in imports.

At the same time, there is a decrease in demand for products, which is due, first of all, to a decrease in the financial results of the enterprises, an increase in wage arrears, and an increase in inflation.

The presence of competitive advantages in an enterprise is one of the most important conditions for obtaining excess profit, its stable position in the market and further development in the modern environment. Enterprises with strong competitive advantages can operate in the long run compared to competitors.

## LITERATURE REVIEW

Evaluation of the level of competitiveness is a necessary element in analyzing the effectiveness of the chosen competitive strategy and taking decisions on the next steps to improve the competitiveness of the company (Naradda Gamage et al. 2020; Singh & Kumar, 2020).

After defining the global experience of competitiveness management, it is possible to propose such an algorithm for evaluating the competitiveness of an enterprise: market research (Bayraktar et al., 2017); defining the criteria for evaluating the competitiveness of an enterprise and collecting information on the activities of competitors (Bouranta & Psomas, 2017); selection of methods for evaluating the competitiveness of an enterprise (Eva & Perez-Esparrells, 2017); evaluation of the competitiveness of an enterprise (Liu & Atuahene-Gima, 2018).

An important element of the system of ensuring the proper level of competitiveness of an enterprise, the effective conduct of its business activities both in the domestic (national) and foreign markets is its evaluation (Bajec & Tuljak-Suban, 2017).

In the process of evaluation of the competitiveness of an enterprise, the strengths and weaknesses of its activities, hidden opportunities and potential threats are identified, which ultimately enables effective planning and development of activities based on competitive advantages (Leyva Carreras et al. 2018; Ayele & Barabadi, 2018).

Determining the level of competitiveness of an enterprise is the first stage of planning its activity and developing a strategy of activity of the enterprise by increasing the competitiveness.

## METHODOLOGY

To ensure the increase in the competitiveness of an enterprise, a certain system of competitiveness evaluation is required, which would take into account the interests of all market players. However, as there is no single understanding of the essence of the concept of competitiveness of an enterprise, so there is any single method of its evaluation. Accordingly, the author of the study proposes to consider several methods of calculating the competitiveness of an enterprise.

The method of evaluation of the competitiveness of an enterprise through the competitiveness of its products. The method is based on the postulate: product competitiveness has a direct influence on the competitiveness of the manufacturing company. Quality and price ratios are used to evaluate product competitiveness. The optimal ratio of the given parameters is a criterion of product competitiveness. Product competitiveness is achieved by maximizing the difference between the price paid by a consumer and the manufacturer cost of producing the product.

The method of analysis of the competitive advantages of competing companies. The method is based on elements of international division of labor according to which to obtain a

high competitive position an enterprise needs competitive advantages that allow obtaining relatively low production costs in relation to similar costs of competitors. The integrated evaluation of the level of competitiveness contains a comparison of production costs, volume of production and/or sales, profit margins, market share. Having more competitive advantages during comparison provides higher level of competitiveness.

The method based on the theory of effective competition. The competitiveness analysis uses the method of comparing company indicators with those of its competitors and industry average. The theory of effective competition is that enterprises with the most organized work of all departments have the highest level of competitiveness. The effectiveness of each service activity is influenced by a large number of factors – resources of an enterprise; performance evaluation of each unit involves the evaluation of the efficiency of their use of these resources.

The method of integral estimation, the integral indicator of the evaluation of competitiveness of an enterprise contains two criteria: consumer satisfaction level (relative product competitiveness) and production performance indicator (usually, return on assets, return on equity or average rate of return over a period of time is used). If the integral indicator is 1, then the level of competitiveness of the analyzed enterprise is similar to the level of competitiveness of a competitor; if the integral indicator is lower than 1, then the analyzed enterprise has a lower level of competitiveness in comparison with the competitor; if the integral indicator is higher than 1, then the competitiveness of the enterprise is higher than that of the competitor.

Rapid changes in the external environment of enterprises lead to the emergence of new techniques and approaches to competitiveness evaluation and management. The most common methods are the use of expert studies to assess the competitiveness of enterprises, as well as the calculation of indicators based on known data. In practice businesses often use the “*reflection method*” to analyze competitors, which is to identify information about the enterprise of interest to consumers or intermediaries of the enterprise. Competitor research should focus on the same areas, which were the subject of an analysis of the potential of own enterprise. That is, the ability to compare results is provided. The most common method of comparing the competitive capabilities of an enterprise and its main competitors is to build polygons of competitiveness, which is a graphical representation of estimates of the positions of the enterprise and competitors in the most significant areas of activity, depicted in the form of axes.

It is clear that determining the competitiveness of an enterprise is necessary not only and not so much to evaluate the quantitative value of this indicator, but to analyze the competitiveness of the enterprise in question, identify the advantages and disadvantages of its activities in the competition, securing the former and eliminating the latter.

## RESULTS AND DISCUSSION

Enterprise resource efficiency can be characterized and ultimately reduced to an assessment of its operational efficiency and strategic positioning. It is beyond doubt that the assessment should be made on the basis of comparison of relevant indicators of the considered economic entity and its competitors. We define the values as the coefficients of operational efficiency and strategic positioning, respectively. Then, by summarizing these coefficients into a single indicator, we will evaluate the competitiveness of the enterprise under study.

The higher the competitiveness of an enterprise ( $K$ ), the more competitive it is in relation to the sample (of competitors). It is clear that  $0 < K < \infty$ . At the same time, if  $0 < K < 1$ , the competitiveness of the enterprise in relation to the sample is low (the closer to zero, the

lower the competitiveness). If  $K = 1$ , the competitiveness of the enterprise is identical to the competitiveness of the sample. If  $K > 1$ , the competitiveness of the enterprise is higher than that of the sample.

The authors examined the level of competitiveness of the private joint-stock company «Uzhgorod Motor Transport Company 12107» (number 1 in the tables) and selected such competitors: PJSC «Zhytomyr Motor Transport Company 11854» (number 2 in the tables); PJSC «Korsun-Shevchenkivsky Motor Transport Company 17144» (number 3 in tables), PJSC «Pogrebyshe Motor Transport Company 10537» (number 4 in tables), PJSC «Dnepropetrovsk Motor Transport Company 11201» (number 5 in tables). The study was conducted on the basis of financial statements for 2017-2018. The author of the study proposes to summarize the calculation data in Tables 1 & 2.

Company	Revenue	Profit	Costs	r	R
1	31,428	420	31,008	1.014	-
2	11,357	92	11,265	-	1.008
3	6,361	109	6,252	-	1.017
4	1,385	11	1,374	-	1.008
5	1,520	25	1,495	-	1.017

Note: PJSC «Uzhgorod Motor Transport Company 12107» in 2017 (author's calculations)  
r – Operational efficiency of a company; R – operational efficiency of competitors.

Company	Revenue	Profit	Costs	r	R		
1	36,308	307	36,001	1.009	-	1.075	-
2	13,390	572	12,818	-	1.045	-	1.086
3	9,473	540	8,933	-	1.06	-	1.22
4	3,498	28	3,470	-	1.008	-	1.589
5	1,991	21	1,970	-	1.011	-	1.145

Note: PJSC «Uzhgorod Motor Transport Company 12107» in 2018 (author's calculations)  
I – Revenue index of the company under study.

According to the above data, we can calculate the competitiveness of a company and summarize the final indicators in Table 3.

Companies	Kr	KI	K
2	0.965	0.99	0.956
3	0.951	0.881	0.838
4	1	0.676	0.677
5	0.998	0.939	0.937

Note: PJSC «Uzhgorod Motor Transport Company 12107» (author's calculations)  
 $K_r$  – coefficient of operating activity;  $K_I$  – coefficient of strategic positioning; K-competitiveness of the company under study

Further direction of competitiveness analysis is the decomposition of this indicator by types of activity of a company or by structural divisions.

The higher the indicator K, the higher the competitiveness level of a company. In the work the competitiveness level of PJSC «Uzhgorod Motor Transport Company 12107» was examined and it was determined that the company has a low level of competitiveness in comparison with the companies under study.

In the conditions of dynamic development of the competitive environment, it is

necessary to analyze the competitiveness of a company against the background of other representatives of this sector of the market. This will allow obtaining information about what attracts the consumer to the product or service of a company and the advantages of its competitors.

That is, these are the factors for which we can increase the competitiveness of Ukrainian enterprises. These factors may have a positive effect on enterprises and in particular on its competitiveness, and may have a negative impact. And then, the main ways to solve the problems associated with improving the competitiveness of a company are: improving the quality of management; strengthening links with the external environment; application of elements of strategic marketing; development of innovative activity; application of advanced information technologies; application of advanced financial and accounting techniques; analyzing the need for resources to produce products by life cycle stages and introducing instruments to save the resources of each product; improvement of organizational and technical level of production; development of logistics; introduction of elements of tactical marketing.

Fierce competition in the world markets with a high degree of representation of different economic entities requires finding ways to increase the competitiveness of the national economy, the formation of a strong innovative and scientific and technical potential in the country, a favorable business environment, which in the future will allow to take a worthy position in international markets.

Thus, to increase the competitiveness level of domestic enterprises, it is necessary to apply a set of effective measures to improve product quality. The development of a modern competitive market necessitates the production of high quality products. In addition, current market conditions require from manufacturers to have free access to quality and price information. This will allow potential buyers to make their own choice of goods and services and manufacturers – to set a competitive price and ensure the required quality of products. The use of «price-quality» instrument will allow manufacturers to analyze the needs of the market and find the best value for money, which will ensure the maximum satisfaction of consumer needs. Improving the competitiveness of enterprises in the domestic and international markets will allow improving the competitiveness of the national economy as a whole.

## **Recommendations**

If you think globally, you can highlight the recommendations that, in the author's opinion, are universal measures to increase the competitiveness of enterprises in the world market:

1. In order to increase the competitiveness level of Ukrainian enterprises in the domestic and international markets, it is advisable to create and introduce a qualitatively new system of state regulation (paradigms, development strategies, programs, instruments, etc.), which, at the expense of redistribution of profits, will be directed to innovative development of the country by way of supporting sectors of economy that need significant scientific achievements.
2. Creating demand for goods and services that have a high level of intellectuality, the use of modern innovations.
3. Increasing the level of technological readiness, which will increase the level of competitiveness of domestic enterprises in the international market.
4. Use of advanced IT technologies in the activity of state structures, which will improve the country position in the competitiveness ratings.

One of the measures to increase the competitiveness of enterprises is the introduction of custom software. In these circumstances, considerable attention should be paid to the

choice of custom software. This issue may be solved using one of such measures: development of proprietary software; purchase of licensed software; use of unlicensed software that is freely available.

To choose the right measure for individual enterprises, you need to analyze the pros and cons of each of the above options.

## CONCLUSIONS

Enterprises will successfully compete in the market if they have: low costs, latest technologies, highly qualified personnel, organized logistic service, quality control of products, works and services, implementation of merchandising that will increase the profit of enterprises, as well as high-quality implementation of trade and technical process.

It is necessary to improve the level of competitiveness at every life cycle stage of an enterprise, this allows to: identify any threats from competitors on a timely basis, present, existing weaknesses, and develop remedial measures, as well as determine their cost-effectiveness.

With the purpose of improving advertising and generating additional revenue, you can recommend enterprises to: develop a plan of advertising actions; calculate advertising costs; use the system of evaluation of the effectiveness of the elements of marketing communications.

To improve the culture and quality of service, you can conduct both professional and psychological training in the workplace, conduct daily briefings, meetings, and solve problems together with personnel.

These measures will increase the level of competitiveness, increase turnover, awareness of the enterprise in the consumer market. The competitiveness of the enterprise can be improved by using the proposed measures, but for their implementation it is necessary to calculate the costs.

The main criteria for competitiveness were previously and still remain three main factors – quality, service and price. But it should be noted that improving the competitiveness of the company is possible due to the rapid adaptation of the enterprise to new market requirements, customer needs and actions of competitors. As of today, changes in production techniques and technologies, improvements in products must occur constantly and be based on identifying consumer needs and possible actions of competitors, and not spontaneously, after a change in the market and the environment.

It is necessary to emphasize the importance of the obtained scientific achievement for science, because all the recommendations provided can be used to increase the competitiveness of enterprises. The prospect of this study remains relevant.

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