

ORIGIN OF COMPETITIVENESS OF AN ENTERPRISE

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The article considers problems concerning formation of strategy on management by competitiveness of the enterprise. The special attention is given to sources of competitiveness at the enterprise: operative efficiency and strategic positioning. The various situations connected to an estimation of a degree of efficiency of market positioning of the enterprise with the help of scale "adaptability - innovative activity" are analysed. The method of an estimation of competitiveness which is reduced to calculation of such factors as operational efficiency of the enterprise, innovative activity, adaptability is offered.

Competitiveness of an enterprise - is a complicated, integral indicator, which is formed under the influence of many factors, influencing all the aspects of activity of managing subject¹. This multitude can be grouped together into two basic blocs.

The first bloc, being a representation of a system of determinatives in the theory of competitive advantages of M. Porter, is a combination of factors of enterprise location. The second bloc, characterizing influence of factors of competitive environment, correspond to the famous model of five powers of market competition.

Factors of location and factors of competitive environment are in a close dialectic unity². Influencing each other, going out from one another, indicated blocs of factors form two sources of competitiveness of an enterprise: operational efficiency and strategic positioning.

Operational efficiency includes complex estimate of fulfillment of various kinds of activity, allowing using factors of manufacture more rationally. Level of operational efficiency of an enterprise depends on factors of its location.

In turn, strategic positioning of an enterprise is directed by factors of competitive environment and consists in creating unique and profitable position, predetermined by combination of kinds of activity different from competitors' kinds of activity.

Content of strategic positioning as one of the sources of competitiveness of an enterprise is filled with two key constituents. One of them, being a form of expressing relationships between the managing subject and outer environment, can be explained as its ability to accommodate to

this environment, fixing the effectiveness of the renewing process, without which it is impossible to imagine any modern enterprise of market type. This constituent characterizes adaptability of managing subject as to the circumstances of outer environment, flexibility of its reaction to the surrounding changes.

The basis for adaptability is constantly progressing innovative process, providing introduction of innovations into all spheres of activity of an enterprise. Innovativeness being a condition of enterprise success in competitive fight serves as source of adaptability. And together they form necessary and suitable conditions of market strategic positioning of managing subject.

High level of adaptability of managing subject in modern circumstances assumes ability to realize the decision of the problems of products selling and giving services taking into account a concrete customer, his individual needs and abilities to choose out of multitude of competitive in the enterprise market according to his own preferences. These preferences have recently greatly changed and became more various.

Of course in such an atmosphere more preferable are the enterprises which on one hand are able to master a production of various goods of the same type as the competitors' very quickly, on the other hand, to suggest their customers new goods and services taking into account changing requirements of the market or initiating forming of requirements of higher level.

Various combination of situations, connected with an estimate of efficiency of market positioning of the enterprises, can be realized, turning to the considering its activity in the coordinates "adaptability - innovativeness" (fig. 1).

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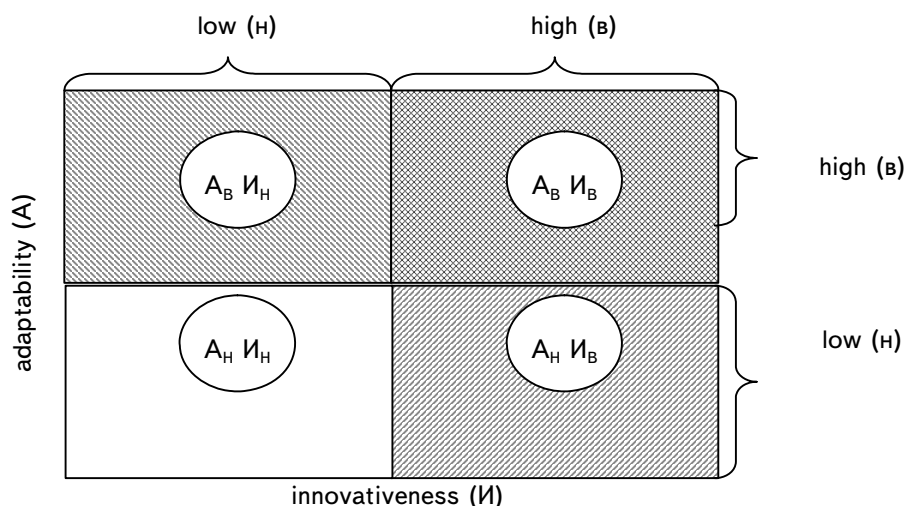


Fig. 1. Level of efficiency of strategic positioning of enterprise in coordinates “adaptability - innovativeness”

In fig. 1 of the coordinate system the environment $A_H I_H$ is taken by the enterprises with low indicators of adaptability and innovativeness. These enterprises can be related to the category of problematic. And perspective presence of such enterprises in the market is a question of time.

Environment $A_B I_H$ shows the position of enterprises which, in spite of passive innovative activity, keep their indicator of market adaptability on rather a high level. Such situation is not very long and limited by time period, during which technological equipment allows keeping status quo.

Unfortunately, adaptability of an enterprise in the market not always corresponds to indicator of its innovativeness. Sometimes, when active innovative activity of managing subject does not give adequate return because of not properly thought market ideology, in connection with that processes of productive renewing do not come to their execution in mass realized goods. At the end mistakes damage high innovativeness of enterprise making it less effective. The described enterprises in fig. 1 are situated in the environment $A_H I_B$.

And, finally, environment $A_B I_B$. In the indicated environment we can see enterprises, strategic positioning of which allows them to dominate in the market. Such position is supported by held in the enterprises wide scale innovative actions.

Described positions, concerning the process of managing of competitiveness of enterprise in conditions of a market, are comfortable

to see as a scheme, representing interaction of factors and sources of competitiveness of managing subject (fig. 2).

Innovative processes, progressing on the enterprise, are necessary because of the influence of factors of competitive environment. Active innovativeness of managing subject, in turn, lifts the level of its correspondence up to the requirements of the market, i.e. lifts the level of its adaptability up.

Adaptability stands as a form of expressing relations of enterprise with outer environment, characterizing effectiveness of processes of renewing. Together innovativeness and adaptability of enterprise determine the efficiency of its strategic positioning - one of the sources of competitiveness of managing subject.

Another source of competitiveness is the operational efficiency of the enterprise activity. Fixing the flexibility of technological equipment of the enterprise, ability to produce a wide range of goods, including the new ones, operational efficiency, on one hand, create conditions for improving market adaptability of managing subject, on the other hand, characterizes profitability of productive activity of an enterprise.

Thus, the described scheme and its elements are the system of interaction of outer and inner factors, influencing the formation of competitive advantages of an enterprise under conditions of functioning in the market.

This logic chain shows that efficiency of the use of economic resources of the enterprise can be characterized and reduced to an estimate of operational efficiency of its activity,

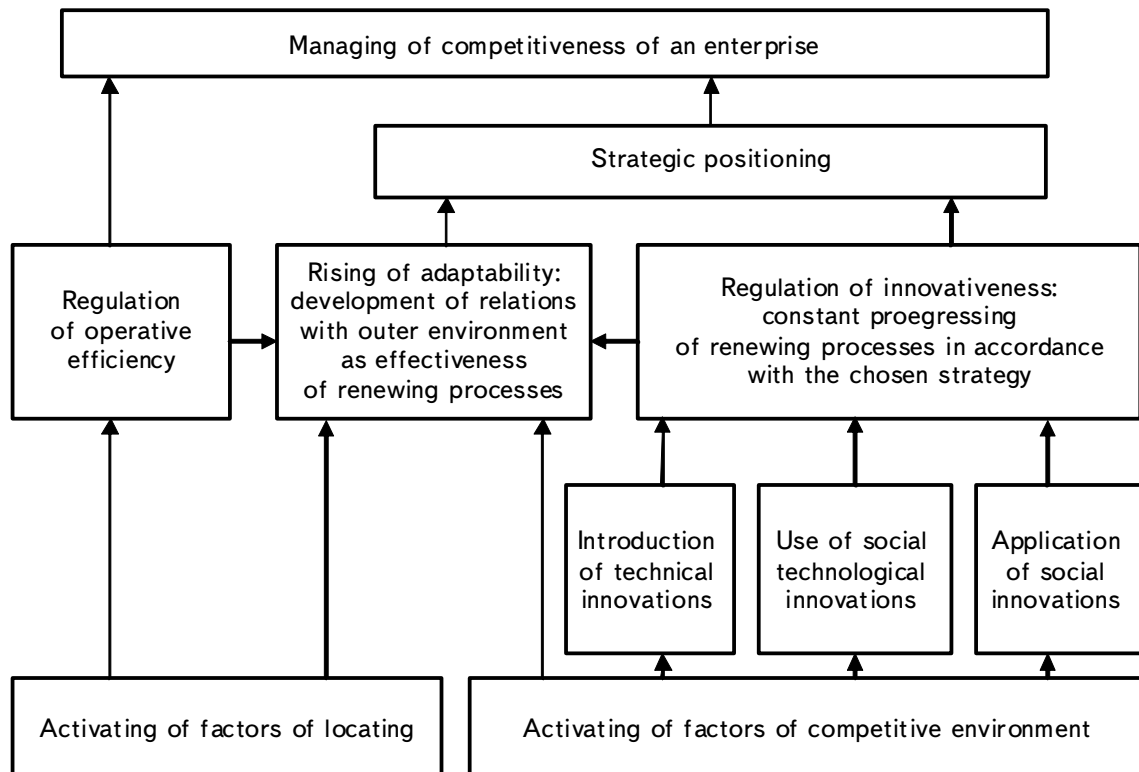


Fig. 2. Process of managing of competitiveness of enterprise

innovative activity and market adaptability. It is clear that such estimate is impossible without comparing the corresponding indexes of the researched managing subject and competitors, taken into account.

Therefore, complex quantitative estimate of the level of competitiveness of the enterprise can be provided by such an index, which accounts the influence of the whole totality of factors, forming this level.

To calculate the influence of operational efficiency, innovative activity and market adaptability on the level of competitiveness, it is necessary to use integral index method of designing its model. Thus, model of calculating the criterion, providing complex quantitative estimate of the level of competitiveness of enterprise is the following:

$$K = \sqrt[3]{K_{\mathcal{E}} \cdot K_{\mathcal{H}} \cdot K_A}, \quad (1)$$

where K - is a criterion of estimate of level of competitiveness of an enterprise; $K_{\mathcal{E}}$ - is coefficient of operational efficiency; $K_{\mathcal{H}}$ - is coefficient of innovativeness; K_A - is coefficient of adaptability.

The first coefficient in the expression (1) shows the operational efficiency of the enterprise activity, which results in suggested ser-

vices and goods. Success of this activity is determined by the sum the customers are ready to pay for the products of the enterprise. And if the sum of return from realization of products exceeds total expenses on all the necessary kinds of activity for its manufacture and selling, enterprises function profitably, it shows its acceptable level of operational efficiency.

As the most universal index of operational efficiency of an enterprise we take the ratio of gain to the expenses:

$$P = \frac{B}{\mathcal{Z}}, \quad (2)$$

where P - is operational efficiency of an enterprise; B - is gain from all the kinds of activity; \mathcal{Z} - is expenses on manufacture of the indicated kinds of activity.

Index of operational efficiency for enterprises of the selection is the following:

$$P^{\Sigma} = \frac{B^{\Sigma}}{\mathcal{Z}^{\Sigma}}, \quad (3)$$

where P^{Σ} - is operational efficiency of enterprises of selection; B^{Σ} - is a whole gain from all the kinds of activity of enterprises of selection; \mathcal{Z}^{Σ} - is total expenses of enterprises of selection.

We remind that selection is such structure of competitors which during the concrete economical analysis is necessary for comparing with the considered managing subject.

To define coefficient of operational efficiency of an enterprise it is necessary to compare the magnitude of calculated index of the managing subject under analysis with the corresponding index of enterprises of selection:

$$K_{\mathcal{E}} = \frac{P}{\rho^{\Sigma}}, \quad (4)$$

where $K_{\mathcal{E}}$ - is a coefficient of operational efficiency of an enterprise.

The following two indexes in expression (1) characterize strategic positioning of the managing subject, including effectiveness of executed innovative processes and market competitiveness of the enterprise.

The basis of adaptability is an active innovative activity, touching upon science research, productive, organizing, financial and other sides of functioning of modern enterprise and relating to all the innovations, providing economy of production costs and additional profit.

Enterprises should systematically find resources for carrying out innovative activity³. Presence of such resources and efficiency of their introduction is a condition for success and economical growth of the enterprise⁴.

The most important index of innovative activity of managing subject is the volume of investment assets, directed to the design and practical realization of innovative projects. To realize the scale and dynamics of the indicated assets, it is necessary to measure their magnitude together with the whole production expenses of an enterprise and correlate the index of the current period with the analogical index of the previous period.

Thus, the degree of innovative activity of managing subject can be a ratio of part of innovative expenses during the period under analysis to the similar index of previous period:

$$И = \frac{\mathcal{Z}_{И}}{\mathcal{Z}} : \frac{\mathcal{Z}_{ИО}}{\mathcal{Z}_O}, \quad (5)$$

where $И$ - is a degree of innovative activity of an enterprise; $\mathcal{Z}_{И}, \mathcal{Z}_{ИО}$ - are innovative expenses of an enterprise in the examined and previous periods correspondingly; $\mathcal{Z}, \mathcal{Z}_O$ - are general production expenses of an enterprise for those periods.

Indicator of innovative activity of enterprises of the selection is calculated the following way:

$$И^{\Sigma} = \frac{\mathcal{Z}_{И}^{\Sigma}}{\mathcal{Z}^{\Sigma}} : \frac{\mathcal{Z}_{ИО}^{\Sigma}}{\mathcal{Z}_O^{\Sigma}},$$

where $И^{\Sigma}$ - is a degree of innovative activity of enterprises of selection; $\mathcal{Z}_{И}^{\Sigma}, \mathcal{Z}_{ИО}^{\Sigma}$ - are total innovative expenses of enterprises of selection during the considered and previous periods correspondingly; $\mathcal{Z}^{\Sigma}, \mathcal{Z}_O^{\Sigma}$ - are total productive expenses of enterprises of selection during these periods.

Comparison of expressions (5) and (6) gives us the searched coefficient (index) of innovativeness of managing subject:

$$K_{И} = \frac{И}{И^{\Sigma}},$$

where $K_{И}$ - is a coefficient of innovativeness of the enterprise.

Logic of the further discussion when estimating competitiveness of an enterprise connects the considered above indexes of innovativeness and operational efficiency of managing subject with the effectiveness of their occurring in outer environment. Relations of enterprise with outer environment are shown through the index of its market adaptability, characterizing the position of a managing subject in the market.

As an index of market adaptability of an enterprise we should consider a ratio of changing of share of market of the examined managing subject to the similar index of an enterprise of selection.

Share of an enterprise in the market can be calculated the following way:

$$D = \frac{B}{O},$$

where D - is a share of market; B - is a gain of an enterprise from all its activities; O - is a volume of a market.

Share of market of selection enterprises stands as follows:

$$D^{\Sigma} = \frac{B^{\Sigma}}{O},$$

where D^{Σ} - is a share of market of selection enterprises; B^{Σ} - is a total gain from all the activities of enterprises of selection; O - is a volume of a market.

Coefficients described above, showing operational effectiveness, innovative activity and market adaptability of an enterprise in total characterize competitiveness of managing subject.

Really, integral index, being an aggregative form of the indicated coefficients, includes the most important final criteria of competitiveness, such as profitability, strategic innovative investments and share of an enterprise in the market. These criteria connect absolute majority of factors, influencing activity of an enterprise under market conditions and determining prospect of its functioning and development.

Reliability of results is confirmed by the fact that during calculation when estimating the level of competitiveness of managing subject synthetic and conditional indexes are not used. On the contrary, all the required initial information can be found in accounting data

and statistical accounting of an enterprise that improves preciseness and efficiency of the calculations.

Thus, suggested method of an estimate of level of competitiveness of an enterprise is an instrument; its wide application is possible both in theoretical research and practice of economical analysis.

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⁴ *Rubin J. B.* Theory and practice of entrepreneur competitiveness. M., 2004. 782 p.