

To the Question about Basic Directions of Enterprise Competitiveness Increase at the Branch Level

*Anatoly Andreevich Rudychev, Elena Aleksandrovna Nikitina and
Alexander Sergeevich Levchenko*

Belgorod State Technological University named after V.G. Shukhov,
Russia, 308012, Belgorod, Kostyukov Street, 46

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Abstract: The competitiveness is a multilateral economic category which can be reviewed on different levels because the objects of a different nature (goods, enterprises, branches, countries) can act as the subjects of competitive activity. The improvement in market position assumes radical effectiveness increase of economy in terms of application of new production and management techniques which are directed at constant renewal of output and useful improving. Therefore great efforts of scholars are directed at the research of competitiveness nature, determinatives of competitive capacity and methods of influence upon it as well as management tools.

Key words: Competitiveness • Branch • Activities • Competitive advantages • Appraisal • Factors

INTRODUCTION

In our country the questions of competitive capacity of the goods are most examined. Mishin considers the competitiveness as “a body of attributes and cost parameters of an article which secure the satisfaction of competitive needs of a customer”. A commodity is competitive when the complex of its consumer and cost parameters provides it with commercial success – that is, that it permits to be profitable exchanged for money under conditions of a wide supply of similar commodities [1].

It is the author’s opinion that this interpretation at least gives rise to doubts in appropriate understanding of the situation in one market or another [2]. The assurance of product competitiveness is a potentiality to satisfy the claims of a customer to providing with necessary rates of a technical level as well as to purchase and maintenance costs. Production and realization of competitive goods and services is an index of viability of an enterprise, of its ability to use financial, production and labor potential. A seller of a competitive commodity doesn’t encounter difficulties by profit earning from the sales of his production. It is significant that competitive capacity of a commodity is a relative concept which is rigid connected to a concrete market and a sale time.

Only a competitive commodity can secure the demand of a solvent consumer and the accumulation of investments for the renewal of enterprise facilities [3].

Now we dwell on the branch competitiveness under what we understand the efficiency of its work.

The main part. The group of indicators which appraises competitiveness of an enterprise rests upon analysis of a wide complex of technical, economic and social problems, in the issue of what variable quantities, which secure competitiveness, show up. The basis point of such analysis is the determination of a list of technical and economic factors of competitive capacity which are treated as a body of quantitative assessment criteria of an enterprise.

The internal competitive advantages, which determine the market positions of an owner, can be grouped on the basis of the seven most significant aspects:

- industrial and economic activity of the enterprise;
- financial position of the enterprise;
- profitability of production and sales;
- competitive capacity of a product;
- marketing efficiency;
- management efficiency;
- image of the enterprise.

Thereby the quantitative assessment of factors of internal competitive preferences of the owner can be represented in the following form [4].

Industrial and economic activity of the enterprise. This is one of the main operation vectors of business. The field of this direction includes the processes of production, reproduction and circulation. The unconditional requirement of effective operation of business is preservation of structure and economic connections in the network of production train on the basis of support of stable equilibrium in the environment. The main way to reach the equilibrium is the co-ordination of internal and external economic connections as well as business interests.

The choice of industrial and economic activity, its correspondence to current economic and consumer requirements influences profoundly upon enterprise competitiveness. On account of mismatch in these requirements the enterprise can bear the great costs and release unclaimed production.

Qualitative or quantitative increase of industrial and economic base of the enterprise can become one of the priority competitive advantages by determination of competitiveness index of one enterprise or another. These competitive advantages are high specific weight of advanced equipment and automation of production and management; low wear level of the main industrial funds; high level of modern information technologies; mobility of technologies; high specific weight of patents.

Financial position of the enterprise. Financial position of an enterprise is characterized with a system of indexes which reflect the capital position in its circulation process and the subject's ability to finance its activity at the present moment.

In process of supply, industrial, sale and financial activity there occur continuous circulation of capital, change of structure of funds and funding sources, availability of financial resources and demand for them and, as a consequence, financial position of the enterprise, which appears in paying capacity. The financial stability of an enterprise is the inside which reflects equilibration of cash and goods flows, funds and funding sources. The assessment of financial stability of an enterprise is carried out on the basis of correlation analysis of equity and loan capital; financial balance between assets and liabilities; financial and non-financial assets.

Along with absolute indexes financial stability of an organization is characterized with provision rate of independent circulating means which is determined by

“Methodical provisions for assessment of financial situation of enterprises and determination of unsatisfactory balance structure”.

The financial stability is not a good fortune; it is a result of skillful management of the complex of factors which determine the economic activity results of the enterprise and influence positively upon execution of industrial plans and provision of enterprise with essential resources.

The financial stability can become one of the basic competitive advantages when calculating the competitive index of enterprise.

Production profitability, sales profitability. The enterprise, which engage in the industrial and economic activity, is interested not only in higher profitability but also in efficient use of invested money. To characterize the return level of the cost invested in production and realization process of output, services and of the reliance of resources determine the most important relative index - the profitability.

The profitability is general index of production economic efficiency. It is the basic indicator of the enterprise “state of health”. The enterprise profitability is a necessary condition of its survival and development as a profitable enterprise is an enterprise that makes a profit.

The profitability is an index of economic efficiency of business that characterizes the a balance between profit and costs for a period of time and is identified with commercial efficiency of commodity production.

There are some kinds of profitability, but from our point of view it is necessary to calculate the production and sales profitability for calculating the competitive index of an enterprise. The production profitability characterizes the efficiency of primary funds and critical circulating assets counting on 1 rouble common benefit. The sales profitability is a complex characteristic of profit per unit counting on 1 rouble production costs.

The product competitiveness. In order to give an objective appraisal of the produced goods every commodity producer has to use the same criteria as the consumer. Consequently it is necessary at first to identify a list of parameters which are essential in the view of the customers [5].

As the competitive capacity of a commodity characterizes not its quality itself but the balance between its quality and the quality indexes of a similar by function commodity of a competitor, then competitiveness assessment of a commodity implies a comparison of output quality indexes of the enterprise and output quality indexes of its competitor (base or standard

samples). Besides, the choice of a standard commodity seems to be one of the most responsible assessment procedure phases of commodity competitiveness.

The right result of the process of competitiveness assessment depends to a considerable degree on the choice of the assessment base. In the capacity of base parameters there can be chosen following parameters: customers' demand, rival commodity, hypothetical standard commodity, group of the similar commodities and volume of effect.

The efficiency of marketing activity. Analyzing the different definitions and formulations we consider that the most exact definition of the efficiency of marketing activity is the following: it is the reliance of marketing tools in the aggregate with the funds and opportunities of the enterprise. In the cost form this characteristic can be assessed by the relation between commercial results and cost for marketing activity.

The efficiency of material traffic is largely determined by the accuracy of marketing management. Income and cost data represent the information from the accounting reports and financial accounts; therefore it doesn't present difficulties to get such information. Some complications appear when accepting other data, as it is more complicated to calculate marketing costs, because there is no information about printing expenses, advertising outlay etc. in the business accounting.

Management efficiency. The management is the operation of business under conditions of market economy. Its object is the complete satisfaction of human needs through the market mechanism of demand, supply and benefit.

By the management efficiency there is understood its quality which provides goals achievement to the organization. Quantitatively the management efficiency is defined as relation of the result to the necessary costs. The central concept of efficiency is the management measure of efficiency (success indicator).

Management measure of efficiency is represented by quantitative indexes which characterize its effectiveness and economy and permit to open the main point of the solvable problem as well as to determine the main critical relations and ways of management improvement.

For the successful activity of different subdivisions the management structure has to comprise a minimal number of hierarchic levels for the ensuring management simplicity and flexibility under the conditions of transformation of internal and external environment. It will in turn permit to reduce management costs, to approach the officials to direct executives and to raise the competitive capacity of the enterprise [6].

The image of the enterprise. The orientation towards conquest the new markets and satisfaction of customers needs by means of product differentiation stimulates drive of the enterprises to meet the consumer preferences to the maximum likely extent as well as to work at management of consumer informing about properties and parameters of product. By means of advertising of enterprises the trade mark (the name under what the enterprise advertises and sells its production) as one of the marketing instruments furthers the spreading of information about quality of products reducing the distance between a producer and a consumer.

Under conditions of growing competition a customer is interested in increase of his awareness level about product quality [7].

Consequence: In practice of the countries with advanced market-economy a body of different marking forms (forms of trade marks) got a name of "brand" which includes design, quality, commodity properties and package as well. As an differentiation instrument of commodities a brand gives its owner an opportunity to take the monopolistic position in the goods market what stipulates relatively higher income per unit of output [8]. The brand can be regarded as a production factor of commodity cost. In order to get extra income of the brand a producer has not only to create it but also to allocate necessary financial assets both for its development and for its protection. Thank to this fact the creation process of a positive brand can be perfectly appraised as a capital fictitious asset. Capital character of a brand as of an asset is conditioned by its informational nature. During the exchange or the sale of the information it (the information) remains with its owner, in other words it can be sold more than once, the information is subjected to ageing though. The consequences of the brand wear differ from the consequences of a tangible asset wear, because the demand not only for the specific commodity but also for all production of enterprise (with what a brand is associated by the customers) goes down [9]. The enterprises seek to create different brands in order that "ageing" of one of them doesn't influence upon promotion and consuming of the others.

CONCLUSIONS

Thereby the problem of competitiveness is complex. Accordingly the analysis and assessment problem of commodity competitiveness has to be solved on basis of coordinated

use of theoretical and applied instrument which was created in terms of technical and scientific trends and to include the solving of the following problems:

- research of needs and preferences of potential customers;
- market monitoring organization for the purpose of information gathering about the conditions of production distribution, the firms and rival commodities;
- working of the uniform system of quality coefficient of products which are used both by its producer and by the consumers;
- forming of generalized model of researching problem including formation of many factors which influence upon competitive capacity and determination of their interrelations;
- forming of general approach to the quality assessment of competitive capacity of the production, working of particular methods, algorithms and procedures of solving the problems which apply to the given problem;
- analysis of production competitiveness dynamic in whole and of the factors which determine it;
- determination of production competitiveness level which secures specified volume of profit or necessary share of market.

Finally the competitive capacity is an important market category which reflects one of the essential properties of the market- its competitive ability. With constant characteristics of a product its competitive capacity can change within wide limits reacting to different factors which are determined competitive environment of the enterprise [10].

Thereby this study permits us to make a conclusion about complexity of concept and definition of such a category as competitiveness. On the assumption of foregoing the author definition of industrial enterprise competitiveness is not only practical but also potential ability to produce and to sale production which finds a market and secures profitability of economic activity under the conditions of competitive market.

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