

# Transformation of the model of business competitiveness

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**Abstract.** The authors are considering the factor and hierarchically (eight levels of management) structured model of the competitiveness of enterprises. The model of competitive advantage is suggested to be revised in order to increase the competitiveness of enterprises, namely from the approach to the management process at every level to the management of the organization in general.

**Keywords.** competitiveness, factors of competitiveness, “Clepsydra” model, levels of management.

## I. INTRODUCTION

Competitiveness of enterprise is an important part of the protracted effective functioning of enterprise and its important strategic aims achievement. Forming and maintenance of high level of competitiveness is provided by the complex of administrative measures.

### *Problem issue and tasks*

Relevance of the issue is caused by the necessity for the development of such a mechanism and/or model of enterprise management that will take into account the permanent changes of external and internal factors of competitiveness and will also give an opportunity to foresee such changes and to react according to the situation.

## II. THE MULTILEVEL USAGE OF THE TERM «COMPETITIVENESS»

It is reasonable to research the influence of factors in a context of the possibility of its management – decrease or increase of influence (sizes and scales) of every separate taken factor. For this purpose it is necessary to take into account the place of origin, character of existence and co-operation of all of elements of influence. To increase the competitiveness of enterprise it is suggested to change the model of forming the competitive advantages: from approach to an administrative process at every level to the system of management of organization as a whole.

The term «competitiveness» is applied to many objects: country, industry, enterprise, product specialist (manager) [1]. Essence of multidimensionality of application of category of «competitiveness» for an enterprise consists in its use at different levels of management. There is the following hierarchical division in scientific literature [1, 2, 5]:

- global (mega-) level is a competitiveness of associations of integrations, groups of countries, separate countries, multinational corporations;
- makrolevel is a competitiveness of national economies, main (basic) industries, national corporations;
- metalevel is a competitiveness of regions, regional associations, industries;

- minilevel is a competitiveness of enterprises[];
- microlevel (commodity) competitive ability of goods, services, information (information other intangible assets) [].
- elementary level is a competitiveness of specialists, resources, basic intercommunications [].

In author’s opinion it is also expedient to apply the category of «competitiveness» at the level of administrative paradigm and levels of mental management of the system. It means the complex of administrative measures in order to increase the level of thought, consciousness, inspiration, optimism, self-motivation of workers.

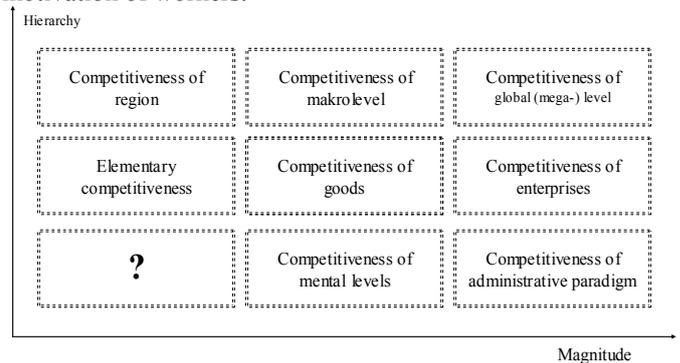


Fig.1. Levels of a category «competitiveness» usage

From the list represented on the picture 1, most often in administrative and scientific spheres a term «competitiveness» is used for the levels of commodity and enterprise [], and a country too []. The noted objects have a possibility to conduct a competitive activity (to sustain competition) from objects-analogs, that in general determines competitiveness as a feature. Analyzing interpretation of concept in scientific works of the Ukrainian and foreign scientists [] we can mark the most widespread characteristic signs of interpretation of the category «competitiveness»:

- relative size (comparison is in relation to other objects);
- eventual result (the made product undertakes into account);
- process (efficiency of production activity);
- spatial limitations (a market is certain);
- limitations of sentinels (the period of time is certain);
- description of constituents (level of competence, potential of separate elements);

It is necessary to underline two aspects of interpretation of existent concepts of “competitiveness”, they are a marketing aspect and administrative one [1]. The base of marketing interpretation means the advantage of object above similar ones that function at the market. An administrative aspect examines the competitiveness of enterprise through the prism of business processes, which form the sources of competitiveness of object, create competitive advantages [1, 4].

These aspects complement each other and give the opportunity to understand the nature of the category better, to

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identify the necessary guidelines and ways to improve the competitiveness of enterprises.

In our opinion, it is advisable to use the following definition of the study categories: «Competitiveness of enterprises is an ability to provide enterprise management paradigm optimal (balance) of resources to pre-defined and the results obtained in well defined spatio-temporal framework in terms of variables».

### III. MODEL OF FORMING THE COMPETITIVENESS OF ENTERPRISE.

As it was mentioned above, the concept of competitiveness is used at various levels of government and relatively different objects of economic relations. The system of economic mutual relations stipulates influencing of factors of different hierarchical levels on each other and on objects as the whole. This interaction is shown on the picture. It is called a model for the formation of 7-level competitiveness of an enterprise. According to the shape and comfort of use it is offered to apply a name of such a model «Clepsydra». According to the shape and comfort of use it is offered to apply a name of such a model «Clepsydra». Justification of the name may also be assumptions about the existence of the transition («transfusion») of knowledge [3], values, ideas, energy from the top of «Clepsydra» to lower levels when changing the dominant from global to mental, as an example.

It should be noted that although the model has seven levels, one of them encloses three levels (components): company, products, and consumers. These components are on one level and have closer connections between them than with the other levels.

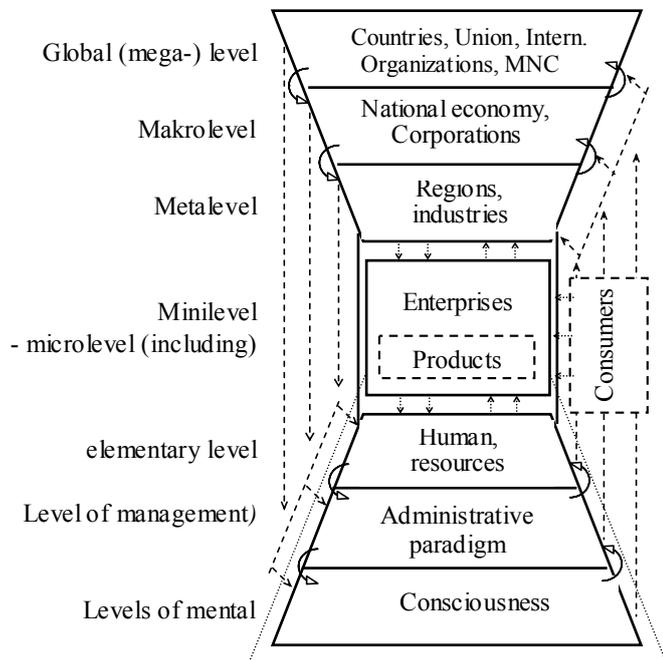


Fig.2. «Clepsydra» – MODEL OF FORMING THE COMPETITIVENESS OF ENTERPRISE.

On figure 2 hierarchical levels of management set of factors are represented. The last ones carry out the influence on the level of competitiveness of enterprise by direct or indirect method. Pointers are also representing influence of factors of

one level on the factors of other level. A model gives understanding of general principles of structural co-operation, but does not expose the measure of their influencing.

### IV. Distributing of factors according to the levels of forming-management.

Analyzing the offered model it is reasonable to underline a necessity to take into account the double value of the selected levels [5]. The first value is a level of origin, forming, and formation of factor of influence. The second value is a management level. But it is not a level which a leader belongs to, but depth of penetration of decisions, management, it is suggested to carry out at the level of emergence. At such an approach it is expedient to represent the factors of competitiveness of enterprise after levels:

a) global level (competitiveness of association) – factors of influence, related to the integration processes, associations, separate countries, multinational corporations:

- geoeconomical and geopolitical location;
- participating in integration processes, economic and political associations;
- functional duties and role of country are in global processes;
- level of corporatization of economy (what part of GDP is made by TNC).

b) macrolevel (competitiveness of country) is factors of level of country, national commodity markets, basic industries, national corporations:

- economic policy of the state (liberal, protectionism, assistance investment processes, role of innovative constituent, custom mode, pattern of trade, support of enterprise through the system of privileges, special economic territories, state orders and others like that);
- financially fiscal policy of the state (level of the tax loading, amount of registration bet of central bank, development of the banking system, level of inflation, monetary measures, rate of exchange et al);
- structure of economy;
- legislatively legal environment;
- humanitarian policy of the state (level of education and science, their role in the system of state administration, national ideology, development of culture);
- resources (material well-being, cost of resources, quality of resources, including money resources, resources);
- ecological state;
- socially demographic state;
- infrastructure (transport, financial, informative);
- capacity and dynamics of market development, degree of development of contiguous markets.

c) metalevel is factors, conditioned the features of functioning of separate industries, regions, regional associations:

- technical and technological level of industry, industry standards;
- importance of industry (to the region) for the national economy;
- barriers of entering the industry branch;
- strategic prospects of industry (to the region);
- level of development of accompanying industries;

- level of development of a transport system;
  - level of economic development of region;
  - level of social and cultural development;
  - level of concentration;
  - level of specialization;
  - social structure of region;
  - amount of resources.
- d) minilevel is factors of influence, caused by the features of carrying out the economic activity by separate enterprises:
- products (commodity, services, information);
  - technical and technological opportunities, production opportunities (capital assets such as amount, quality, cost; structure of capital investments, production technologies, level of the computer-aided manufacturing);
  - financial state;
  - workers, human resources (qualification, structure according to knowledge special knowledge, permanent studies, in-plant training, «heredity» - passing the experience to the junior, presence of specialists of national and/or international levels);
  - innovations (technological, to the products, organizational and administrative, marketing etc.);
  - specialization of production;
  - differentiation of production;
  - effect of scale;
  - information technologies;
  - organizationally administrative structure;
  - effect of synergy;
  - transport possibilities;
  - internal communications and logistic (exchange, providing materials, raw material, accessories, information);
  - infrastructure (production, social);
  - intellectual property (now-how, licenses, patents);
  - image of enterprise, products (trade mark or brand);
  - suppliers;
  - competition enterprises;
  - sale and marketing subsections;
  - advertisings agencies, marketing mediators;
  - external communications (mutual relations, socializing with users, mass medias, state and of a particular branch structures, organs of local-authority).
- e) microlevel is a high-quality level of products, influence of its features on the competitiveness of enterprise:
- consumer features, technical (purpose products, functionality, design decisions, norms, aesthetic and ergonomic qualities);
  - economic factors (price, prime price, costs of consumption);
  - social and organizational factors (structure of users, national features of organization of production, sale and advertising);
- f) elementary level (resources, people):
- high-quality characteristics of resources, raw material;
  - efficiency of application;
  - qualification, experience, current relevance, specialists of national (of a particular branch) level;
- g) administrative level, an administrative paradigm is factors that are related to control of the system:
- organizational structure;

- style of management;
- management functions;
- aims of activity;
- centralization/decentralization;
- motivational, stimulant mechanisms;
- administrative instruments;
- communications.

- i) mental level is features of the internal state of workers:
- perception of the world, world view;
  - system of spiritually cultural values;
  - aggregate of mental skills;
  - psychological features of character of workers;
  - character of thought, consciousness, inspiration;
  - vision of itself in the world, in the structure of enterprise;
  - motivation, self-development.

Understanding the belonging of concrete sets of factors to the certain levels will allow to make an appropriate mechanism of decision making in relation to the passing ahead (on the basis of forecasts environment of development) type of management.

## V. CONCLUSION

In the research authors offered the factor hierarchical model of forming the competitiveness of enterprise. Eight levels of management with a specific set of own factors are considered in the researched model. Application of this model in the administration will make decisions on management of causes, not consequences.

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