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COMPETITION AND COMPETITIVENESS OF AN ENTERPRISE

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Different approaches to the definition of "competition" and "competitiveness" are considered. Multiplicity of wording of the concept "competitiveness" is defined. The author's definition of this concept is proposed.

Market economy is a complex organism, consisting of a huge variety of industrial, commercial, financial and information structures, interacting with each other on the background of the system of legal norms of business. The most important feature of market economy is the principle of freedom of economic activity. Any business entity has the right to choose the desired suitable type of activity and implement it in any form permitted by law. The defining principle of market economy is the equality of market entities and different forms of ownership.

Market is characterized by the efficient allocation of resources. Competitive market system directs resources to the production of those goods and services that society need most. It dictates the use of the most effective methods of combining resources for production.

The market system contains incentives for the use of scientific and technological progress. Application of advanced technologies provides us with a temporary competitive advantage in the form of higher product quality and its lower price. The characteristic of the market economy is the ability to meet the diverse needs [1].

An important role in the market economy is played by the competition. The classical definition interprets competition as a rivalry of several persons (companies) in achieving the same goal. Adam Smith was the first to prove that the competition, making profit rates equal, leads to the optimal division of labor and capital, and defined the basic conditions for its functioning. Firstly, competitors must act independently and not in collusion. Secondly, the number of competitors should be sufficient to exclude the extraordinary approach [2].

In scientific literature there are three approaches to the definition of competition. The first one defines competition as contentiousness in the market. According to A. Marshall, "competition is that one person is competing with others, especially when selling or buying something." This approach is based on the everyday sense of competition as rivalry for achieving the best results in any field [3].

The second approach considers the competition as a part of the market mechanism, which allows you to balance supply and demand. This approach is characteristic of the classical economic theory. For example, Adam Smith interpreted the competition as a behavioral category, where individual buyers and sellers compete in the market for more profitable sales and purchases.

Israel M. Kirzner similarly believes that "competition is a process in which potential buyers and sellers try to determine each other's supply and demand curves by touch."

A. Yudanov claims that market competition is companies' struggle for limited effective demand of consumers, which they wage on the available market segments. It can be summarized that competition acts as a force for the interaction of supply and demand and for the balance of market prices. As a result of rivalry between buyers and sellers the total price for similar goods sets. Competition ensures the functioning of the market mechanism of pricing.

The third approach defines competition as a criterion which determines the type of industry market. This approach is based on a modern microeconomic theory, where competition is understood as a kind of property market, and it is characteristic primarily of neoclassical economic theory [4].

The content of the competition is most fully revealed when considering functions performed by the competition.

Modern economics has identified the following main functions of competition: guiding (is the impact on the offer of benefits in order to establish their optimal matching the demand); allocative (is expressed in the effective arrangement of the factors of production in areas where their use provides the greatest return); adaptation (is aimed at rational adjustment of enterprises to domestic and external environment that allows them to move from economic survival to expansion of areas of economic activity); innovation (manifested in stimulating innovation and the use of scientific and technological progress); distribution (has a direct impact on the distribution of the national product among consumers); controlling (is made to prevent the establishment of monopolistic dictation of some market participants in relation to others) [5].

Competition leads to the fact that limited resources are used more completely and efficiently, they flock to the industries that produce necessary for consumers and profitable for producers products. The competition is universal; it affects all countries, their economy, social relations, science and culture, all firms and industries of

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all producers. Competition is one of the most important ways of improving the efficiency of the economic system as a whole and all of its units. It is an incentive for the person to struggle to outlive others.

In the market economy conditions competition is an important component of country's economy and its manufacturing industries, and it pretends to be the main factor in country's economic growth and economic security.

Under conditions of abundance of commodity markets and excess of supply over demand, every product has to fight for consumer's preference. Many products simultaneously offer the same or different ways of meeting the same needs of the buyer on equal or slightly varying price conditions. In this situation, the preference is given to a consumer product, which is defined as competitive [6].

Currently, there is still no common understanding of the term "competitiveness". At various times, the issue of competitiveness was fundamentally studied by Russian scientists such as L.S. Avrom, Y.P. Adler, G.G. Azgaldov, V.V. Buzryev, V.G. Versan, A.V. Glichev, S.D. Il'enkov, A.V. Karasev, I.G. Lukmanova, Y.B. Monfred, A.N. Pytkin and others. Substantial contribution to solving the problem is made by the following foreign scientists: S. Brue, P. Drakker, J. Mond, F. Taylor, W. Shewhart and others.

American economist Michael Porter gives the following definition of "competitiveness", "Competitiveness is a characteristic of product, service and market entities to act in the market on a par with similar goods, services or competing economic agents."

Kalashnikova L.M. believes that company's competitiveness is a complex concept, which is contingent on the system and quality of management, product quality, breadth and depth of assortment, demanded by society or its individual members, stable financial condition, ability to innovate, efficient use of resources, purposeful work with the staff, the level of physical distribution system and services, company's image [7].

Fatkhutdinov R.A. gives the following definition: "Competitiveness is the ability of a firm to produce competitive products, its privilege in relation to other companies of the industry at home and abroad. Competitiveness of a company can only be assessed as a part of a group of companies belonging to the same industry or companies producing similar products.

Seleznev A. writes that competitiveness is producer's position in the domestic and foreign markets, due to the economic, social and political factors, which is reflected through indicators adequately characterizing the state and the dynamics [8].

The multiplicity of formulations of the concept of competitiveness is due to the following factors:

- a great variety of the existing standpoints on the question;
- multivariance of the concept (from technical to economic characteristics of products, companies, industries);
- the presence of different levels (product, company, subindustry and industry levels as well as the levels of national and world economies);
- with respect to this economic category (one and the same product can be competitive in some markets and non-competitive in others).

Thus, having considered the views of various scholars on the concept of competitiveness of an enterprise, it can be concluded that under the competitiveness of an enterprise one must understand the complex characteristic, which expresses superiority of the development of a given enterprise over the development of competitive enterprises in their degree of satisfaction of people's needs and in the effectiveness of achieving objectives of their activity.

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