



## THE METHODOLOGICAL APPROACH TO THE DETERMINATION OF SPECIFIC FEATURES OF THE MAIN FACTORS OF THE COMPETITIVE POSITION OF THE NATIONAL ECONOMY

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### Abstract

*The article deals with scientific approaches to determining the essence of the concept of "competition", the different types of competition, generalized approaches to classifications of economic competition are highlighted. The comparative description of basic market structures is presented, the definition of the concept of "competitive environment" as an integral part of the market economy, and determining the economic category of "competitive position" is given. The main signs of competitiveness as one of the criteria of economic entity efficiency are considered.*

**Keywords:** competition, competitive environment, competitive position, competitiveness, international economics, market, perfect competition, monopolistic competition, oligopoly, monopoly.

### STATEMENT OF THE PROBLEM AND ITS RELATIONSHIP WITH IMPORTANT SCIENTIFIC AND PRACTICAL TASKS.

Since the late XX century important benchmark of government regulation of harmonious integration of national economies into the global world economic environment is to increase national competitiveness. Hence the need for intensified comprehensive study of the latest trends in the development of a competitive relationships with regard to national security criteria of transitional economies is intensified.

### ANALYSIS OF RECENT PUBLICATIONS ON THE ISSUE.

The works of domestic and foreign scholars such as D. Ricardo, J. Mill, J. Robinson, J. Keynes, J. Schumpeter, P. Heine, F.A. Hayek, F. Knight, K.R. McConnell, S.L. Brue, M. Porter, G.L. Azoyev, Y.I. Korobov, L.P. Kurakov, L.G. Ramensky, P.A. Fatkhutdinov, A.Y. Yudanov and others are dedicated various aspects of the problem of international competitiveness and the formation of the competitive position of an economic system. However, despite the significant achievements of modern scientific thought on the formation and development of competitive advantages of the national economy, the issues of forming the international competitive position of national economies under conditions of global competition are studied insufficiently and need further investigation.

### FORMULATION OF RESEARCH OBJECTIVES.

The purpose of the article is to define methodological approach to the specification of the notion of "competitive

position" with the release of its specific features, the main factors.

In the process of study dialectical method of scientific knowledge, methods of analysis and synthesis, comparative method, data generalization method are used.

### PRESENTATION OF THE MAIN RESULTS AND THEIR JUSTIFICATION.

At the present time there are many interpretations of the term "competition". K.R. McConnell and S.L. Brue believe that competition is the presence in the market of a large number of independent buyers and sellers, an opportunity for buyers and sellers free entry in market and exit from it [2, p. 79]. J. Schumpeter defines competition as rivalry old and new, with innovations [6].

In his book "International competition" M. Porter notes that competition is a dynamic process that evolves, this is landscape that is constantly changing, in which new products, new ways of marketing, new production processes and new market segments are appear [3].

A.Y. Yudanov claims that market competition is a struggle companies for limited amount of effective consumer demand, which conducted their in available market segments [7, p. 12]. However, A.Y. Yudanov believes that the world is still no single concept of "competition". Scientists hold to one of three interpretations of competition: behavioral; structural; functional.

Interpretation of competition from behavior is the struggle for the buyer money by meeting their needs.

Structural interpretation of competition is the market structure analysis to determine the degree of freedom of the seller and the buyer in the market (market forms) and way out of it.

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Functional interpretation of competition is competition of old and new, with innovations when hidden becomes clear.

An interesting is definition of competition of R.A. Fatkhutdinov. He defines this category, given the current interpretation of the theory of comparative advantage. Competition is the entity management process of its competitive advantages in order to obtain victory or achieve other objectives in the fight against competitors for satisfaction of objective or subjective needs within the law or in vivo [5, p. 16].

In general, most modern economists term "competition" is interpreted as a contest or struggle to achieve or obtain something.

Researchers have isolated also subject (competition between manufacturers of similar products that differ in certain parameters) and functional (the struggle between the producers of products that meet the needs of different ways) types of competition. You can also have found such a thing as species competition. In addition, by means and methods of competition are distinguished price (price reduction by reducing production costs, thanks to the achievements of technological progress, better organization of work, increased productivity) and non-price competition (improving product quality and reliability, the use of modern methods of design, advertising, improving after-sales service, etc.).

At the writings of some modern authors can be found assertion of the existence of the law of competition, that like any other economic law expresses stable, repeated, causal relationships of economic phenomena or processes. The reason for the mechanism of the law action is the existence of separate producers that manufacture products under various conditions for same contingent of consumers. The consequence of the law action is competition between producers. During the competition there is a contradiction between consumer supply and sellers demand. The means of overcoming the contradiction is also the competition.

So, from the above it follows that the competition between separate producers is rivalry (struggle) between them to meet the selfinterest: favorable conditions for the production and marketing of goods and rich profits receiving. Analysis the competition definitions leads to the conclusion that they take account of such quality as dynamic, heuristic nature, force, unity of competition and monopolistic framework, the relationship with innovation processes. It therefore follows that the competition is the objective economic relations in the process of dynamic rivalry (which has compulsory, contradictory and heuristic nature) between business entities that share common goals.

Economic theory indicates that *competition has* both *negative* (resulting to the economic crisis of production, ruin and unemployment, predatory use of resources, sometimes turns into unfair competition) and *positive* (acting as engine of economic progress, instrument of

innovation progress, encourages saving material, labor and financial resources, encourages constantly update the range of products, closely monitor technological progress) features.

In a market economy, competition performs certain functions: the function of regulation, the function of motivation, the function of distribution, the function of control.

The main task and the main function of competition is to win the market, in the struggle for customers to win of its competitors, to ensure obtaining sustainable profits.

Analysis of the works of scholars on issues of competition problems allowed summarize approaches to classification features of economic competition:

√ *by the territorial basis* – intra-sectoral (competition between individual businesses within each sector on profit receiving) and intersectoral (a specific form of competition of capitals in the struggle for a more profitable use of capital that carried out in the form of capital migration from some sectors to the other, in the resulting of capital overflow generated average rate of return);

√ *by the type of competitive behavior* – competition between buyers and sellers; between producers (due to the existence of “buyer’s market” – priority of market buyers over manufacturers-sellers); between consumers (due to the existence of “market vendor” – priority in the market of sellers over consumers-buyers);

√ *in terms of the competitive situation in the branch and in the market* – perfect (clean) and imperfect (monopolistic or oligopolistic);

√ *by the criterion of effectiveness* – effective and ineffective competition;

√ *in compliance with the law* – fair and unfair;

√ *by the methods of competition* – price and non-price.

The emergence of a market economy is marked by the appearance of free competition. **The modern market economy** is a complex organism whose elements are various industrial, commercial, financial and information structures, that interacting on the background of extensive system of legal norms and combined by single concept that is the market. By definition market is an organized structure, which faced the economic interests of producers and consumers, sellers and buyers, leading to the interaction of consumer demand and supply manufacturers, and on the basis of that interaction formed prices of products and volumes of sales.

According to the most spread typology of markets, there are four possible competitive structures (Table 1). Considered types of markets and competition in its pure form are relatively rare and applies to a limited number of products and services.

In real conditions more often found such situations in the market which Professor J. Robinson defines as imperfect competition that is mixed [4].

Comparative characteristics of basic market structures [1]

Options	Types of competition			
	Perfect competition	Monopolistic competition	Oligopoly	Monopoly
<i>Number of manufacturers of the product</i>	Many independent enterprises	Many enterprises producing similar goods and services	Several enterprises producing goods and services	One product and one enterprise
<i>Price control</i>	Control no. Prices are determined by the market	Impact is limited by the ability to replace	There is the impact of "price leader"	Almost complete control
<i>Trading differentiation</i>	No. Products not differ in features and quality	Goods and services is differentiated for market segments	Essential for individual products, small for standardized	Missing
<i>The level of efforts to entry in the market</i>	Easy entry and exit	Relatively easy entry and exit	Difficult entry, which often requires large investments	Very difficult entry and exit

An integral part of the market economy also is the creation and *development of a competitive environment* – set of external factors in respect of a particular enterprise that influence on the competitive interaction of enterprises of the relevant industry. At the same time, the competitive environment is dynamic in pace, depth, the magnitude of changes in certain specific markets, element of economic life.

The competitive environment is the result and conditions of interaction of a large number of market actors, determining the appropriate level of economic competition and the ability of individual economic agents to influence in general market conditions.

The competitive environment is not possible to clearly separate from the concept of the market. As the market at the same time can combine several competitive environments classification of late should be more differentiated.

New global features of competition give reasons to believe its as historical phenomenon of the current stage of the global economy development, that reflecting the struggle in various forms countering the global economic system subjects for possession of limited economic resources and advantageous conditions for the production and marketing of products (services) not only in the national economic systems, but beyond that causes the appearance of the term competitive position.

According to M. Porter "competitive position determined by the actions that are aimed at ensuring the country's competitive position in the global market by developing an appropriate set of factors for position receiving in the niche market" [3].

Availability of appropriate competitive position of economic system in the global environment that tends to achieve optimum shift causes the main macroeconomic

indicators, which are not only endogenous, but exogenous origin, such as:

- 1) the revival and development of the internal market;
- 2) growth of national income and gross domestic product;
- 3) intensification of financial revenue in the budget;
- 4) the development of international trade;
- 5) development of innovative potential of enterprises;
- 6) increasing the level of employment and, consequently, the social stability of the state;
- 7) establishment in the international market image of developed industrial country and a reliable partner and others.

In general it can be concluded that assess the compliance of realized competitive position is possible through detailed analysis of changes in the competitive environment of the economic system of the country and the assess of the degree of impact of these changes on the organizational and economic relations that analyzed.

*The competitiveness of the economy* is treated as a concentrated expression of economic, scientific-technical, operational, management, marketing and other features that implemented in goods and services, successfully opposed to competing with them foreign goods and services both in domestic and foreign markets. But this is only one of the most visible side of the concept. The other side is the benefits of the system of state and social structure of the country, political and legal organization and regulating of all aspects of civil life of society, the state's ability to

provide a stable, dynamic development of the national economy and the related with that material well-being of society members, which not inferior to world standards. In order to have a competitive economy, is necessary to create a competitive society that has undeniable advantages in various fields of human activity [5].

The main *features of competitiveness* as one of performance criteria of economic entity are:

- *relative (comparative) character* – competitiveness manifested only by comparing the characteristics of the economic entity with characteristics of other actors of the given market;

- *relevant character of competitiveness criteria*, which means that the trajectory of the economic entity movement (its competitive position) relative to other entities can be defined only within a relevant environment;

- *temporal character (dynamics)* of competitiveness criterion characterizes the position of the subject in a competitive field in the coordinates of time as a result of its competitive activities.

## CONCLUSIONS AND PERSPECTIVES FOR FURTHER RESEARCH.

In the present conditions of the world economy development important to assess competitiveness becomes new geopolitical role of some state. It largely depends on the country's participation in economic and political alliances, from the nature of the chosen national economic strategy. International competition in the economic sphere is closely related to the geopolitical problems.

As you know, in modern economic science are grounded behavioral, structural and functional concepts of market competition, based on the productive process and the interpretation of its socio-economic nature. The researchers used ranking, factor and macroeconomic approaches to the definition of national competitiveness. However, to this day among scientists there is no unity in understanding the essence of the concept of "competitiveness of the national economy".

Thus, the national competitiveness detected in stability of the economic system on the external and internal shocks and its ability to provide a high quality of population life through an effective system of goods and services production. However, it should be noted that modern post-industrial trends and deepening globalization processes modifying existing approaches to defining criteria of

competitiveness of national economies, a system of building of appropriate benefits and logic of competition fight.

In recent years the problem regarding evaluation of level of global competitiveness, identifying factors of national policies influence on its key parameters and capabilities of a state to achieve a better quality of life is updated. It is important to understand that the environment more strongly affects on the formation of a productive economy.

Thus, based on the study of changes in competition relations in the global dimension, transformation of which is a large-scale and controversial, found that ***the process of formation of a global competitive environment coincides with the development of three related trends, including:***

- 1) integration of global markets into one world;
- 2) formation of global market participants by phenomena of mergers and acquisitions;
- 3) formation of supranational regulation system of competitive relations allow to consider the last as the result of functioning of economic systems.

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