



## Assessment of the Enterprise Competitiveness in the Institutional Environment

Ludmila V. Goloshchapova<sup>1</sup>

Galina P. Dovlatova<sup>2</sup>

Natalia I. Vasilyuk<sup>3</sup>

Elena I. Zatsarinnaya<sup>4</sup>

Irene N. Kovalenco<sup>5</sup>

Olga S. Mysova<sup>6</sup>

<sup>1</sup>Ludmila V. Goloshchapova, PhD in Economics, Plekhanov Russian University of Economics, Moscow, Russia.

<sup>2</sup>Galina P. Dovlatova, PhD in Economics, Platov South-Russia State Polytechnic University (NPI), Shakhty, Russia.

<sup>3</sup>Natalia I. Vasilyuk, PhD in Sociology, Platov South-Russia State Polytechnic University (NPI), Shakhty, Russia.

<sup>4</sup>Elena I. Zatsarinnaya, PhD in Economics, Plekhanov Russian University of Economics, Moscow, Russia.

<sup>5</sup>Irene N. Kovalenco, PhD in Economics, Platov South-Russia State Polytechnic University (NPI), Shakhty, Russia.

<sup>6</sup>Olga S. Mysova, PhD in Economics, Don State Technical University, Shakhty, Russia.

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### ABSTRACT

This article suggests a theoretical research of an enterprise. The authors consider theoretical and methodological significance of the competitiveness of an enterprise by means of distinguishing four kinds of the enterprise competitiveness. The author's vision of the main tendencies of the development of competitiveness, stability and strategic development of enterprises is determined. Meso- and macro indicators of competitiveness as an economic category in the institutional conditions according to stable and competitive development are represented. Recommendations for stable and competitive development are suggested. The article can be interesting for scientific workers, specialists in the sphere of economics, teachers, postgraduates, master students and students of economic faculties.

### Introduction

In our opinion, at the beginning of the research of the increase of competitiveness it is necessary to study its theoretical significance. Let us give some definitions as an example:

1. M. Porter – “The property of goods, service, the subject of market interrelation present at the market together with other similar goods, services or competitive subjects of market interrelation”. (1 p.41)
2. P. Zavyalov - “Concentrated representation of financial, scientific, technical, industrial, managerial, administrative, marketing and other opportunities of the country which are realized in goods and services successfully opposing their competitive equivalents both at the internal and external markets”. (1 p.42)
3. R. A. Fatkhutdinov – “The property of objects, determining the degree of satisfaction of the competitive requirement as compared with the best similar objects represented at the market”. (2 p.312)

4. L. V. Dontsova – “The ability of an enterprise to oppose other producers of similar production (services) at the market according to the degree of satisfaction with its own goods of some public requirement and efficiency of manufacturing activity”. (3 p.64)
5. M. G. Mironov – “The ability to sell the production profitably at neither a higher price nor a worse quality than other contractors at its market niche”. (4 p. 160)
6. M. K. Starovoitov, B. F. Fomin – “It is considered to be the general measure of interest and trust to the services of an enterprise at the stock, economic and labour markets. The price of an enterprise, the technical equipment of the working place, the realized management conception, management technologies, the administrative system, the human capital, strategic marketing, technical, investment and innovative policy are named as the main characterizing condition of this measure”. (5 p. 150)

In our opinion, competitiveness of an enterprise is an ability to produce and realize required goods or services at the market. Competitiveness is closely connected with competitive benefits of the micro level according to interrelation to competitors at the certain market (internal or external) which is expressed in the course of a competitive struggle.

As a result of everything mentioned above, it is necessary to sum up:

- 1) - competitiveness as an economic category determines internal and external activity of an enterprise;
  - it is based not only on the production of goods;
  - it combines goods and manufacturing work.
- 2) competitiveness depends on inner and outer factors.
- 3) it shows the level of the enterprise formation in comparison with the degree of its formation according to satisfaction with its own goods and services and staff requirements for manufacturing activity.

To have a clearer vision of formation and development of competitiveness it might be appropriate to distinguish some scientific approaches to the assessment of competitiveness and apply them to the institutional environment. Consequently, the source of Russian economy, in our opinion, is the competitiveness of industries.

Therefore, the final aim of any enterprise is the success in the competitive struggle. The success is not accidental, it is a natural result of permanent and competent qualified efforts of the company. It depends on the competitiveness of the company, that is on to what extent it is better compared to its analogues (other firms), whether it is achieved or not.

Various authors, according to their own scientific view, distinguish different factors, characterizing enterprise competitiveness, that are widely used in the strategic analysis and advertising research. The best of them are given, in our opinion, in the works by Arthur Thompson Jr., G. Strickland, David Krevence and E. P. Golubkov (6 p 76).

### **Method**

For the analysis of this problem, theoretical and empirical methods, quantitative and qualitative analysis methods, data aggregation methods, expert evaluation method, classification and information structuring method, comparison method, reference and statistical data were used.

### **Procedure**

Based on the study of methodology “The Global Competitiveness Report” by K. Schwab the points of the decrease in the social and economic indices of Russia were revealed (1). In our opinion, they have a negative impact on many branches of the Russian economy, including the road sector.

Thus, there is a need to develop the author's vision of the rating assessment of competitiveness, sustainability and strategic development of enterprises in the road sector, based primarily on the efficiency and quality of work

of managerial staff, middle and lower level employees, on the internal environment analysis of enterprise, and to determine the role and place of the enterprises in the institutional environment.

The meaning of management of enterprise competitiveness as well as that of a scientific group is shown in fulfilment of the following inner relations:

1. Selection of certain directions of granting enterprise competitiveness (granting of external and internal enterprise competitiveness).
2. Distinguishing of three levels of management of competitiveness: strategic, tactical and operative. (6 p.100)

Let us examine the significance of competitiveness in the market economy. We suppose that thanks to the importance of competitiveness the profit of producers and salespeople who wish to get the most by spending the least is suppressed. If they want their goods to be required by producers, they have to take into account the interests of consumers. Therefore, the significance of competitiveness is making the conditions for the production of goods to meet the requirements of the population.

There are four kinds of enterprise competitiveness:

1. tradable;
2. micro level;
3. meso level;
4. macro level.

Based on the comparative analysis of the institutional conceptions, we submit for consideration the following definitions of the institutional approach by G.P. Dovlatyan, T.N. Nerovnya, N. T. Oboimova, where the institutional approach is the approach in which the number of phenomena i.e. economic behavior of the subjects of the local market in the region is considered (5 p.18).

The institutional approach to the assessment of competitiveness is divided into:

- programmatically-objective approach that exactly determines the goals and the best ways to achieve them distinguishing the required resources aimed at the realization of the projects and enterprise development. Under such approach, at first, the problem of development of competitiveness is structured and then “the tree of objectives” for two levels is worked out.
- systematic approach that considers any system as a complex of interrelated elements. It is characterised by the ability to see the problem from different angles, to study a large number of solutions, to distinguish elements from the whole and to put separate facts together.
- complex approach that uses the appropriate process to divide the problem into elements necessary for the problem solution.

The management of enterprise competitiveness is “the activity aimed at the development of management conclusion which, in its turn, should oppose different external influence and achieve leadership according to the established strategic goals”. (6 p.91)

## Results

We have studied the macro environment for the assessment of competitiveness. Nowadays Russia occupies the 43th position in the list of the most competitive countries. Compared to the previous year it improved its result in 2018, got 65.6 points out of 100 and occupied a two-line higher position in the list. The growth of economy in 2018 was 1.7% that is the highest result for the last 5 years.

The World Economic Forum experts explain the assessment of competitiveness of Russian indices according to 12 criteria (1): quality of its institutions, infrastructure, introduction of informative and communicative

technologies, macroeconomic stability, population health, higher education and professional training, consumer market, labour market, financial system, the size of the internal market, dynamics of business development, innovation potential.

According to the World Economic Forum Global Competitiveness Report the Russian economy demonstrates the increase of the national competitiveness rate in the course of the last 7 years. In 2018 it occupied the 38<sup>th</sup> position out of 137 possible (Table 3)

Table 3

The World Economic Forum Global Competitiveness Ranking 2012-2018

<b>Indices</b>	<b>2012-2013</b>	<b>2013-2014</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>
WEF ranking position	67	64	53	45	43	38
<b>Subindices</b>						
<b>Efficiency enhancers:</b>	<b>54</b>	<b>51</b>	<b>41</b>	<b>40</b>	<b>38</b>	<b>38</b>
- Higher education and professional training	52	47	39	38	32	32
- Goods market efficiency	134	126	99	92	87	80
- Labour market efficiency	84	72	45	50	49	60
- Financial market development	130	121	110	95	108	107
- Technological readiness	57	59	59	60	62	57
- Market size	7	7	7	6	6	6
<b>Basic requirements:</b>	<b>53</b>	<b>47</b>	<b>44</b>	<b>47</b>	<b>59</b>	<b>48</b>
- Institutions	133	121	97	100	88	83
- Infrastructure	47	45	39	35	35	35
- Macroeconomic environment	22	19	31	40	91	53
- Health and primary education	65	71	56	56	62	54
<b>Innovation and sophistication factors:</b>	<b>108</b>	<b>99</b>	<b>75</b>	<b>76</b>	<b>66</b>	<b>57</b>
- Business Sophistication	119	107	86	80	72	71
- Innovation	85	78	65	68	56	49

For the considered period (7 years) the economy of the country improved its ranking position from the 67<sup>th</sup> in 2012 to the 38<sup>th</sup> in 2018. Innovation and sophistication factors played an important role in it.

During 2018 positive changes in the following directions of the national economy could be observed:

- technological readiness;
- goods market efficiency;
- macroeconomic environment;
- innovation;
- healthcare;
- primary education.

The only negative change was observed in Labour market efficiency due to the deterioration of the following index components: 1. flexibility of wage determination, 2. pay and productivity, 3. reliance on professional management.

Let us examine competitiveness at the meso level.

Currently, Rostov region belongs to the number of economically civilized and investment attractive subjects of the Russian Federation.

Over the past years, the region is considered to be one of the most attractive Russian territories for external investment.

The integral index of economy competitiveness of the region is the size of its gross regional output.

The dynamics of the gross regional output is positive: the index increases every year. It amounted 1.4 trillion roubles in 2018 due to the new investment projects including those in the sphere of power engineering and industry.

According to the level of current competitiveness (the size of the gross regional output), Rostov region occupies the 13<sup>th</sup> position among the subjects of the Russian Federation.

Thus, the analysis of the modern condition of competitiveness, described by various economic indices, points out that the region has certain prospects of competitive advantage growth of the regional economy. The increase of the competitiveness of the regional economy must become the priority direction of the regional policy, that is why this process is necessary in the market conditions, including economic aspects of the growth of the living standard of the population and the satiety of the internal market. It so happened that the management of the regional competitiveness in Russia is the state responsibility. It determines the rules according to which the region as a business entity must compete with the other region, providing the improving of the quality of life of those who live on its territory.

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