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## GENESIS OF COMPETITIVE DEVELOPMENT OF INDUSTRIAL ENTERPRISES

**Kateryna Boiarynova, Kyrlyo Knyzhnyk, Alla Zaharchuk. "Genesis of competitive development of industrial enterprises".** *The article retrospectively analyzes the concept of "competition" and examines its modern interpretations. It was determined that the basis of understanding competition is the struggle between market subjects for access to resources, consumers, while competition determines the economic behavior of market subjects. It is substantiated that competitive development, as one of the types of development, is a tool for ensuring economic growth and a consequence of ensuring competitiveness. Modern interpretations of competitive development by scientists are analyzed. It was found that such development is based on a process approach to the implementation of changes that provide a synergistic effect in the parallel acquisition of competitive advantages and development of the business entity. The key features of competitive development are determined by its basis on the creation of special unique advantages of the enterprise, the use of production factors capable of providing a competitive basis for development, the use of strategizing processes in ensuring competitiveness, which in the complex not only ensure the maintenance of positions and economic efficiency of operation, but also become tools for the development of the enterprise. The own vision of the interpretation of the competitive development of the enterprise as qualitative and quantitative changes in the economic activity of the enterprise, provided with innovative, organizational, economic advantages, different from those of competitors, which ensure economic growth, increase in efficiency and the transition of the enterprise to a higher level of functioning in an economic environment with hard-to-achieve results, has been formed for competitors.*

**Keywords:** competition, development, competitive development, interpretation..

**Катерина Бояринова, Кирило Книжник, Алла Захарчук.** *«Гене́за понять «конку́рентоспроможність» та конкурентний розвиток підприємств». У статті ретроспективно проаналізовано поняття «конкуренція» та розглянуто сучасні її трактування. Визначено, що основою розуміння конкуренції є боротьба між суб'єктами ринку за доступ до ресурсів, споживачів, при цьому конкуренція визначає економічну поведінку суб'єктів ринку. Обґрунтовано, що конкурентний розвиток, як один з видів розвитку, є інструментарієм забезпечення економічного зростання та наслідком забезпечення конкурентоспроможності. Проаналізовано сучасні тлумачення конкурентного розвитку науковцями. З'ясовано, що такий розвиток базується на процесному підході до впровадження змін, які забезпечують синергетичний ефект у паралельному набутті конкурентних переваг і розвитку суб'єкта господарювання. Ключовими особливостями конкурентного розвитку визначено його базування на створенні особливих унікальних переваг підприємства, застосування факторів виробництва, спроможних забезпечити конкурентну основу розвитку, використання процесів стратегування у забезпеченні конкурентоспроможності, які у комплексі не тільки забезпечують втримання позицій і економічну ефективність функціонування, а й стають інструментами розвитку підприємства. Сформовано власне бачення трактування конкурентного розвитку підприємства як якісних і кількісних змін економічної діяльності підприємства, забезпечених інноваційними, організаційними, економічними перевагами, відмінними від наявних у конкурентів, що забезпечують економічне зростання, підвищення ефективності та перехід підприємства на вищий рівень функціонування в економічному середовищі з важкодосяжними результатами для конкурентів.*

**Ключові слова:** конкуренція, розвиток, конкурентний розвиток, трактування.

**Introduction.** In the conditions of a market economy, one of the key factors in the effective functioning and development of industrial enterprises is competition. Competition itself prompts enterprises to make changes both in production technologies and in management technologies, and also stimulates the creation of new sectors of the economy in general. Ensuring competitive enterprises remains a relevant topic today. The methods of ensuring and improving it have evolved from the struggle for obtaining and optimal use of resources to maintaining positions through the use of innovations. The understanding of competition is also developing, not only as a driver of development, but also as a tool for the development of production and economic systems. From this position, new aspects of the development of such economic categories as competition and competitive development require attention from the perspective of their compliance with the current state of the economy and possible future trends and changes.

**Analysis of recent research and publications.** Well-known classics of economic science devoted their works to the study of approaches to understanding competition and competitive development: A.-R. J. Turgo, A. Smith, D. Ricardo [1-3], as well as domestic and foreign scientists B. Shlyusarchyk, T. Pertsovych, R. Gretskey, A. Melikhov, and others. [7-11; 14-20]. However, with the formation of new economic conditions, there is a need to update the interpretations of the specified economic categories.

**Formulation of the goals of the article.** The purpose of the study is to consider the genesis of the concepts "competition", "competitive development", the analysis of the interpretation of competitive development by scientists and the formulation of their own in accordance with modern trends.

**Main material and research results.** Leading scientists studied the concepts of competition and competitiveness in depth and in detail. Among them is Anne-Robert

Jacques Turgot, who believed that "competition is the main force responsible for setting the market price at a certain "natural" level [1]. That is, it is competition that is responsible for the level of prices for goods and services, which is still reflected in the markets of pure, oligopolistic competition and monopoly. And the ratio "price/competitiveness" acquires the same important characteristics as "price/quality". A. Smith formulated the principle of the "invisible hand", according to which competition is a driving force and catalyst in satisfying the interests of both the entrepreneur and society [2]. That is, competition is an important lever in the implementation of the economic behavior of enterprises, it affects the activity in the constant search for opportunities to support competitiveness, monitoring the price policy and other factors of its support, forming a vision of their development.

According to D. Ricardo, competition is not subject to any restrictions [3], and the price is formed exclusively under the action of supply and demand as a result of competition between enterprises. Antoine Augustin Cournot proved that goods in a monopolized market have a much higher price level than those set in a competitive market, which is caused by a reduction in supply [4]. That is, according to the scientist's research, competition affects not only the price of goods and services, but also the volume of production and presentation of goods on the market, and these processes are interdependent.

Agreeing with the well-founded fact of S. Melnikov, that the economic system of the end of the 19th century, was considered by

scientists from the point of view of perfect competition [5], let's add that it was during this period that the basic vision of the importance of competition in the development of enterprises was formed. Receiving income as a result of competitiveness, enterprises are able to invest in new processes of its provision, which develop the enterprise as an economic entity.

Modern approaches to the interpretation of the concept of competition define it as:

- a complex characteristic of the functioning of enterprises, which requires an analysis of the enterprise's activity, provides an opportunity to establish advantages in competition [6];

- the ability (productivity) not only of the enterprise, but also of the industry, compared to others, to: produce modern, technologically intensive goods, solve new technical problems, achieve (constantly increasing) income under the condition of a high level of employment and a relatively high level of wages [7];

- determines the economic behavior of entrepreneurs, the peculiarities of their actions and the adoption of managerial decisions regarding the implementation of original and creative ideas, the skillful involvement of financial, material, informational, intellectual and other resources for this [8].

In general, in modern interpretations of the concept of competition, both its traditional signs remain, that is, the struggle between market subjects for access to resources, attracting consumers, etc., and new ones are developing - oriented to economic behavior (Table 1).

Table 1 – Interpretation of the concept of competition in research by scientists

Scientist	Interpretation	A key aspect
1	2	3
Gretsky R.	An economic category expressing production relations between commodity producers in the process of exchanging labor products [9]	Industrial relations between commodity producers

End of Table 1

1	2	3
Marenich A., Astakhova I.	A comprehensive characterization of the functioning of enterprises, which requires an analysis of enterprise activity, provides an opportunity to establish advantages in competition [6]	Provides an opportunity to set preferences
Shlyusarchyk B.	The ability (productivity) not only of the enterprise, but also of the industry, compared to others, to: produce modern, technologically intensive goods, solve new technical problems, achieve (constantly increasing) income under the condition of a high level of employment and a relatively high level of wages [7]	The ability (productivity) not only of the enterprise, but also of the industry, compared to others
Pertsovykh T.O.	Determines the economic behavior of entrepreneurs, the peculiarities of their actions and management decision-making regarding the implementation of original and creative ideas, skillful involvement of financial, material, informational, intellectual and other resources for this [8]	Determines the economic behavior of entrepreneurs
Lytvynenko T.	A system of relations that is characterized by a struggle, rivalry between various market subjects regarding the distribution of limited goods and resources, which provide an advantage to individual subjects in case of their victory in certain market conditions (perfect monopolistic and oligopolistic market structure) [10]	A system of relations characterized by struggle and rivalry
V.A. Vasylenko, Didenko A.N.	Rivalry in any field between separate legal entities and individuals (competitors) interested in achieving the same goal [11]	Rivalry between individual legal entities and individuals

Therefore, the interpretation of "competition" continues to be in the field of view of scientists as a set of certain advantages that not only ensure holding positions on the market, but also stimulate development. Competition acquires a new meaning, integrating into the processes of enterprise development. According to the law of competition, each producer and other market participants try to obtain the most favorable conditions for production and sales, as well as the use of capital [12]. Competition deepens the processes of economy, efforts to make products cheaper, as well as activation in its modification, improvement and improvement in the absence of an opportunity to produce its variants cheaper than those of competitors. The limitation in the ability to reduce product prices as a result of greater access to the economic resources of

various product manufacturers gives rise to the search for other methods of competitive struggle with the use of product, process, marketing, and organizational innovations in the economic activity of enterprises, which in turn stimulates development processes. In this context, new approaches to development are being formed, which define competitive development as a tool for ensuring economic growth.

Combining the concepts of competition and development, first of all, let's turn to the interpretation of the concept of development. Development according to scientific economic schools is considered in the context of revolutionary or evolutionary changes, progressive or regressive direction. Most scientists focus their research on progressive development, which is characterized by a transition from less perfect

to more perfect [13]. Such development is based on positive dynamics and is characterized by qualitative changes and is aimed at increasing the efficiency of the enterprise. The need for such improvements is inextricably linked to ensuring competitiveness and the formation of competitive advantages. Most scientists consider economic stability, adaptability, improvement of the company's image, etc. to be the results of development. Such goals are close to the acquisition of a high level of competitiveness, and in fact are its consequence.

The key types of development are: economic and innovative. The economic development of the enterprise is realized through a change in the economic state, while anticipatory economic development is provided by competitive advantages, cost reduction, and increased profitability based on the application of innovative technologies, approaches and tools. An increase in competitiveness contributes to an increase in income, adaptation to the changing conditions of the external environment, stable maintenance on the market, an increase in sales volumes, which in turn forms

the basis for the economic development of enterprises. The key principles of economic development, which are aimed at ensuring competitiveness, are:

- application of production factors capable of providing a competitive basis for development;
- orientation of the dominant subject of the real sector of the economy, which forms competitive advantages.

Scientists pay more and more attention to this type of development - as competitive development (Table 2), considering it as:

- the process of implementing constructive changes justified by the used competition strategy [14];
- compliance with the competitive principles of the development of the economic system in general [14];
- the process of constructive changes in accordance with the competitive strategy implemented by the enterprise [15];
- shift of priorities in economic activity, which actualizes the importance of creating competitive advantages [16].

Table 2 – Interpretation of the concept of competitive development in research by scientists

Scientist 1	Interpretation 2	A key aspect 3
Zhovnovach R.I.	Management of the competitiveness of products, which involves monitoring the behavior of competitors, identifying strengths and weaknesses, as a result of which competitive advantages are achieved in a certain market [17]	Competitiveness management
A. A. Melikhov	Based on the inherent ability of the enterprise to change, the process of making constructive changes justified by the used competition strategy, which leads to the appearance of new qualities in the enterprise, due to which the stability of the enterprise is ensured and its ability to resist the destructive effects of the external competitive environment increases [14]	The process of implementing constructive changes justified by the used competition strategy

End of table 2

1	2	3
Polyanska A.S.	The development of the enterprise not only in relation to its competitors, but also in relation to the observance of the competitive principles of the development of the economic system in general, according to which there is competition in product markets, business entities act in the interests of consumers, compete with each other for the best conditions for the production of goods, use of resources, etc. [ 18]	Adherence to the competitive principles of the development of the economic system in general
Mikhalchyshyn N.L.	The process of constructive changes in accordance with the competitive strategy implemented by the enterprise, as a result of which the stability of the enterprise in the market is ensured and the ability to resist the influence of the external environment is acquired [15]	The process of constructive changes in accordance with the competitive strategy implemented by the enterprise
Kondratyuk O.I.	The development that leads to a shift in priorities in economic activity in the direction of sustainable development actualizes the importance and necessity of creating competitive advantages through new approaches to management [16]	Shifting priorities in economic activity, which actualizes the importance of creating competitive advantages
Vovchok S.V.	A special form of interaction of related processes, tools and functions of the competitiveness assurance system, which is implemented within a specific enterprise, requires a special management mechanism and leads to an increase in the level of social and economic efficiency [19]	The form of interaction of processes, tools and functions of the competitiveness assurance system

In general, competitive development belongs to both economic and innovative development. Its key feature is based on the creation of advantages of enterprises, different from competitors, which not only ensure holding positions and economic efficiency of operation, but also become tools that develop the enterprise. Such benefits for industrial enterprises should apply:

- increasing the effectiveness of existing technologies for updated fixed assets, technological processes, use of intellectual property objects, etc.;
- personnel development, increase of intellectual capital;
- reducing the cost of production and increasing its value.

In view of the above, the competitive development of the enterprise should be interpreted as qualitative and quantitative

changes in the economic activity of the enterprise, provided with innovative, organizational, economic advantages, different from those available to competitors, which ensure economic growth, increased efficiency and the transition of the enterprise to a higher level of functioning in the economic environment with hard-to-achieve results for competitors.

**Conclusions.** According to the conducted research, it can be concluded that the interpretation of the concept of "competition" develops in accordance with changes in economic conditions and trends. In particular, there is a change in its understanding from the struggle between market subjects for access to resources, consumers to the basis of the formation of their economic behavior and the formation of economic relations in the business

environment. Competitive development can be considered one of the types of development, a tool for ensuring economic growth and a consequence of ensuring competitiveness. The key features of competitive development are: the creation of special unique advantages of the enterprise, the use of production factors capable of

providing a competitive basis for development, the use of strategizing processes in ensuring competitiveness. Competitive development ensures the transition of the enterprise to a higher level of functioning in the economic environment in the presence of hard-to-achieve results for competitors.

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