



Formation of Organizational and Economic Mechanism of the Firm's Competitiveness Management

Ahmad Hassan Ahmad Ahmed
Institute of Management,
Kazan Federal University, Russia.

(Corresponding author: Ahmad Hassan Ahmad Ahmed)

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ABSTRACT: The article describes the approach of formation of the mechanism of firm competitiveness management, which is based on the main categories of western management, taking into account multidirectional factors. The purpose of this article is to study the basic elements of the formation of the mechanism of the firm's competitiveness management. The relevance of this issue has become more acute during the economic crisis, and its solution has necessitated an active search for effective approaches to managing the competitiveness of firms. The importance of the problem is primarily due to the need to maintain and improve the economic security of business in a strategic perspective in the context of financial and economic instability. In the conditions of our economy, it is necessary to pay attention to foreign experience and implement it in domestic business. Today, in the management of domestic enterprises there is a certain management vacuum, the reason for which is the lack of effective management tools that are developed by domestic scientists taking into account the peculiarities of the activities of domestic enterprises. In general, the management mechanism is considered as an integral part of the management system, providing an effective impact on the factors, the state of which determines the result of the management object (firm). The management mechanism for modern firms is a tool of impact on the economic and organizational parameters of the management system, which contributes to the formation of competitive advantages and improves the efficiency of the firm as a whole.

Keywords: competitiveness, management mechanism, mission, strategy, factors.

I. INTRODUCTION

The firm's competitiveness management is one of the actual problems of the modern theory and practice of management. In market conditions there is an increase in competition, so that the heads of firms are in constant search of new (adequate to conditions of competition) methods and means to improve the efficiency of the firm's competitiveness management [1].

The need to improve the efficiency of firm's competitiveness management is also determined by the continuing rapid changes in the external environment of enterprises, the emergence of difficult to predict economic and financial situations.

Competitiveness of the enterprise as an object of management is a set of interrelated elements designed to provide a strong competitive position, to support existing and to create new competitive advantages.

The issues of finding ways to build and improve the management mechanism of the firm's competitiveness in economic science and practice are multi-faceted, requiring a systematic and integrated approach. The development of a single organizational and economic mechanism of competitiveness management involves combining management, technical and technological measures to improve it [2, 3].

The problem of construction of the mechanism of firm's competitiveness management is investigated insufficiently; in this connection the study of the basic elements of formation of this mechanism is actual.

II. METHODS

Achieving a high level of competitiveness management is a strategic goal of any firm operating in a market environment, which requires the consolidation of all units and units of the management system. However, competitiveness management is not equivalent to all the activities of the firm to achieve the ultimate goals, and includes only those functions which are related to the development of competition strategy, incentives for implementation, target orientation of various economic activities [4].

The competitiveness of the firm in the general classification of management objects can be attributed to the functional (as opposed to the production and structural) control elements that require the development of a special mechanism of management of the firm. In terms of its substantive content, the competitiveness management concerns the firm's activities in the market, which means that the focus should be not so much on the available resources and processes taking place in the firm itself, but rather on the possibilities of building the organization's resource capacity. Thus, the main features of the firm's competitiveness management are its focus on the market and the future expansion of the volume of sales. Market orientation involves the implementation of a detailed analysis of the market throughout the firm, aimed at identifying current and future needs of consumers, dissemination and study of the information received in all departments, and the overall organizational response to them.

According to G. Narver and S. Slater, market orientation includes three such behavioral components: consumer orientation, competitor orientation, cross-functional coordination, and such two criteria for decision-making as long-term focus and profitability [5]. A market-oriented organization is "an organization whose managers at any given time can answer the question about what objects of market orientation are significant for it for this period, their interests/requirements /conditions, key success factors, what measures are taken at a certain moment and can still be taken to achieve a level of profit exceeding the average market indicators" [6].

In general, the control mechanism is considered as an integral part of the management system, providing an effective impact on the factors, the state of which determines the result of the control object. The management mechanism for modern firms can be a tool of impact on the economic and organizational parameters of the enterprise management system, which contributes to the formation of competitive advantages and improve the efficiency of the firm as a whole.

Due to the scientific literature it is possible to identify a number of key factors affecting the competitiveness of the firm and decision-making management (Fig. 1).

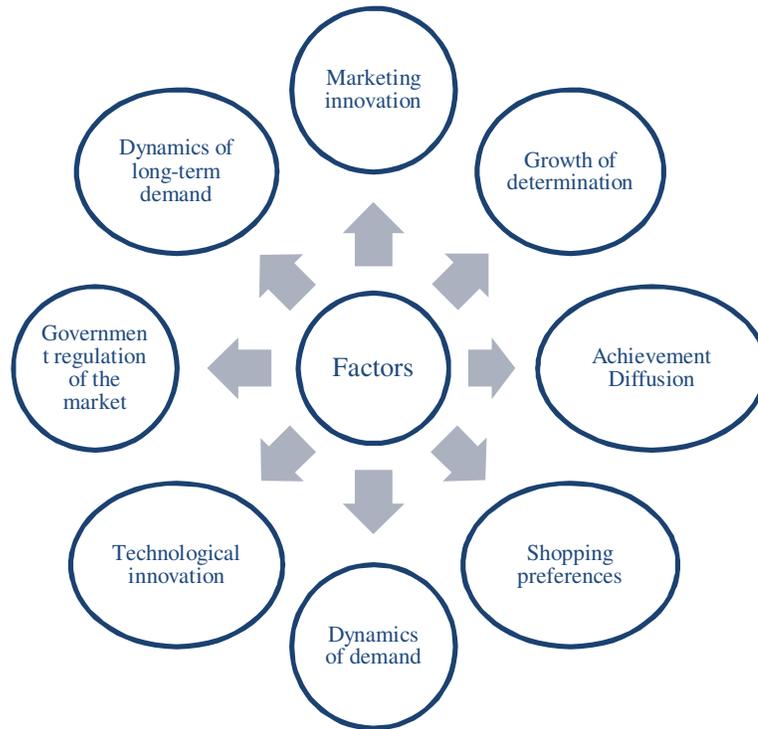


Fig. 1. Key factors affecting the competitiveness of the firm and decision-making management.

Let's consider each factor in detail.

1. Dynamics of long-term demand. When making investment decisions to develop the productive capacity of an enterprise, the increase or decrease in long-term demand is always taken into account. The growth of long-term demand inevitably leads to the emergence of new firms in the market, and the decline in demand, on the contrary, contributes to the outflow of firms.
2. Dynamics of demand structure. These changes reflect the reason for changes in consumer preferences for service, the emergence of new sales channels, changes in the range of new products. Renewal of goods in any industry is one of the main driving forces. It has an impact on production methods, rational scale of production, marketing costs, and distribution channels.
3. Technological innovation. Regular innovations in the technological process of production, as well as the amount of investment can increase the value of the product life cycle effect. This is likely to cause significant changes in the requirements for the number and size of competitive firms in the market.
4. Marketing innovations. From time to time, firms offer their products through new advertising moves, trying to cause an increase in consumer interest, stimulate demand, reduce unit costs of production. As a result,

they put in action new forces in the market that have an impact on the competitive environment.

5. Achievement diffusion. If the production technology becomes well-known, it reduces barriers to entry of new players into the industry.
 6. Shopping preferences. It often happens that a growing number of consumers come to the decision that consumer goods at low prices meet their needs to the same extent as products with higher prices, but with a large assortment.
 7. Government regulation of the market. Government policies implemented through certain mechanisms, including the regulation of economic relations, as well as changes in their course, can have a serious impact on the market and the conditions of competition.
 8. Growth of determination. This concept implies reduction of risks and uncertainty. New industries are characterized by uncertainty, expressed in the lack of information about the potential of the market [7].
- Thus, all factors of competitiveness affecting the competitiveness of the firm are interdependent and interdependent. Taking into account the degree of influence of factors affecting the company, will allow carrying out the process of managing its competitiveness more effectively.

III. RESULTS AND DISCUSSION

Orientation of firm's competitiveness management on the market and the future provides implementation of the following measures:

- (1) Neutralizing (overcoming) or limiting the number of negative (destructive) factors affecting the level of competitiveness of the firm by forming a defense against them;
- (2) Identification of the positive external influences for building and implementing the firm's competitive advantage with a view to their use for expanding the markets for their products;
- (3) Ensuring flexibility of management actions and decisions - their synchronization with the dynamics of the negative and positive factors of competition in a certain market;
- (4) Monitoring the actions of competitors [8].

Thus, in order to create and maintain a competitive advantage of the firm, it is necessary to analyze and respond to all market forces – conditions affecting supply and demand in the free market, and determine both the prices and the behavior of all subjects of market relations (sellers, buyers, creditors, borrowers, etc.), and in accordance with this to coordinate their management functions.

The peculiarity of oriented behavior is also that it requires complex organizational knowledge from managers, which cannot be imitated by competitors of the firm. Only this will provide the company with long-term competitive advantages. The system of ensuring such a high level of competitiveness management of the company covers a number of activities aimed at improving the technical level and quality of the firm's products, including:

- strengthening the base and improving the organization of R & D;
- accelerated implementation of structural changes and implementation of investment policy in accordance with the priority directions of scientific and technological progress and social development, and increase on this basis the efficiency of investment;

- organization of effective activity of quality groups and targeted training of management personnel, creation of favorable conditions of quality of work;
- improvement of the tasks and functions of management competitiveness of the enterprise with the aim of increasing the effectiveness of the product quality management;
- reduction of resource consumption of products and production costs of the firm;
- improvement of service, advertising, market research [9].

The proposed approach to the management of the firm's competitiveness is based on such basic categories of western management as mission, values, vision and strategy of the firm. The mission of the firm is considered as the main general purpose, the reason for the existence of the firm.

A well founded and well formed mission has real managerial value.

The vision defines the image of the firm, the idea of the development of the organization, selected technologies, products, customers, directions of business development. The increasing importance of vision in the modern world is determined by the following factors:

- vision is an effective means of motivating employees;
- the vision does not usually emphasize the desire to make a profit, it combines the individual ideals of all participants in the firm into a single standard of values;
- vision creates a sense of perspective in the firm's activities, ensures the continuity of the firm's goals following each other [10].

The strategy is considered as a choice of long-term optimal model of behavior in the market, based on its characteristics. The strategy should be developed on the basis of:

- (1) target setting on the basis of an integrated system of principles, such as: complexity, consistency, dynamism, continuity, optimality, constructability;
- (2) taking into account the directions of socio-economic development of the region;
- (3) taking into account interdependent and multidirectional factors [11].

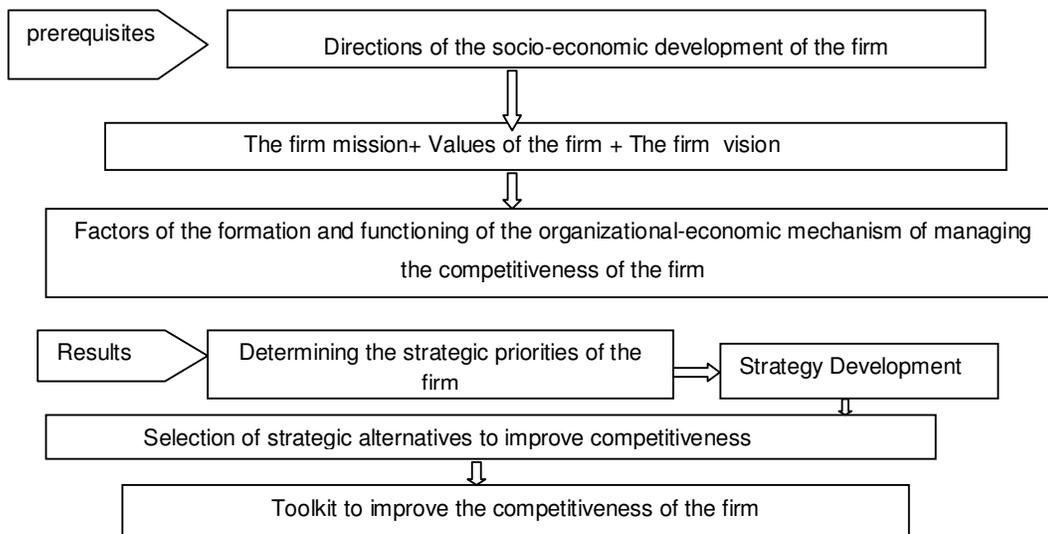


Fig. 2. The main elements of the firm's competitiveness management mechanism [12].

To achieve the greatest effect, the strategic actions of each individual firm should correspond to the general,

state-based directions of socio-economic development of the region in which the firm is located.

When building a mechanism of the firm's competitiveness management, it is advisable to take into account factors that affect the possibility of its effective functioning in the region (political, legal, economic, social, technical, technological, environmental); factors of the internal environment; trends in the development of the industry, its problems and threats, as well as the experience of experts in this field. The result of the analysis of multidirectional factors is to determine the factors of formation and functioning of the organizational and economic mechanism of the firm's competitiveness management. Taking into account the above positions, we will present the main elements of the firm's competitiveness management mechanism (Fig. 2). The final stage of the strategy is the development of tools to improve the competitiveness of the firm.

IV. SUMMARY

Summarizing the above, we note that the presented mechanism will allow the firm's management to concentrate efforts to a certain extent and make a purposeful impact on the factors influencing the process of forming its competitiveness.

V. CONCLUSIONS

Thus, the management of the firm's competitiveness includes a range of management actions aimed at studying the activities of active and potential competitors, their strengths and weaknesses, as well as the development of competitive strategies that ensure the formation and maintenance of long-term competitive advantages. The formation and maintenance of competitive advantages of the firm involves a thorough analysis of market forces and the coordination of management functions in accordance with market conditions. The most effective method of the firm's competitiveness management are methods of strategic management, control and self-organization which allow to organize effectively the activity connected with the solution of the task to increase the level of competitiveness of a firm.

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