

LYTVYENKO
Larysa Leonidivna
LLLitvinenko@gmail.com

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HUNKO
Vyacheslav Anatoliyovych
slava2508@ukr.net

**COMPETITION AS A TOOL TO
STIMULATE THE ENTERPRISE
LEADERSHIP POTENTIAL
DEVELOPMENT: INTERNAL AND
EXTERNAL ASPECTS**

*Ph.D. in Economics, associate
professor*

**КОНКУРЕНЦИЯ КАК ИНСТРУМЕНТ
СТИМУЛИРОВАНИЯ РАЗВИТИЯ
ЛИДЕРСКОГО ПОТЕНЦИАЛА
ПРЕДПРИЯТИЯ: ВНУТРЕННИЕ И
ВНЕШНИЕ АСПЕКТЫ**

student

In the article the essence, internal and external aspects of competition as a factor stimulating the enterprise leadership potential development were studied, variables of the competition influence on the enterprise business activity were identified, and recommendations on the leadership potential development of the Ukrainian enterprises in terms of European integration were developed.

В статье исследована сущность, внутренние и внешние аспекты проявления конкуренции как стимулирующего фактора развития лидерского потенциала предприятий, выявлено переменные параметры влияния конкуренции на ведение бизнеса предприятия и разработаны рекомендации по развитию лидерского потенциала отечественных предприятий в условиях евроинтеграции.

Keywords: *competition, enterprise leadership potential, external environment, European integration, market economy*

Ключевые слова: *конкуренция, лидерский потенциал предприятия, внешняя среда, евроинтеграция, рыночная экономика*

INTRODUCTION

Global business environment mainly operates through the implementation of specific competitive advantages. Due to this all economic actors effectively interact, ensuring mutual development and enrichment. The intensification of relations between Ukraine and the EU has opened up new ways to achieve economic benefits and successes in foreign operations and transactions. And exactly strict compliance with the competition rules and their full use will give a chance to progress. So, that is the main relevant problem at present.

The essence of the "competition" concept was studied by a large scale of researchers such as G. Azoyev, S. Brue, P. Zavyalov, G. Kiperman, K. McConnell, N. Pertsovskiy, M. Porter, B. Rayzberh and many others, considering the fact that competition is the struggle between economic actors for better conditions of doing business. The impact of competition and other variables for the enterprise was studied by such practitioners as M. Simoes, M. Toner, N. Ojha, P. de Paepe and M.S. de Melo [6]. O. Rybakova investigated the factors affecting the enterprise competitiveness in view of the internal parameters of its development [5]. Partly the problem of the enterprise leadership potential development in a dynamic international competitive environment were considered, in particular, by I. Kalinesku, Y. Romanov and O. Krylov [1], A. Beerel [2], D.J. Jones and R.J. Recardo [3], P. Lawrence [4]. An interesting topical consideration is the problem of using competition as a tool to stimulate the enterprise leadership potential development.

ARTICLE OBJECTIVES

To investigate the nature, internal and external aspects of competition manifestation, identify variables of the competition influence on the enterprise business activity and to develop recommendations for the leadership potential development of domestic enterprises in terms of European integration.

RESEARCH METHODS

To achieve the assigned research objectives the following methods were used: scientific generalization, comparison, structural and logical analysis and synthesis (systematization of the research results on the impact of competition on the company potential).

Scientific works of Ukrainian and foreign scientists and Internet resources were methodological and information bases of the research.

RESULTS

Business operates continuously and this process uses competition as the main lever for economic activity development of legal entities and natural persons.

Due to the current Ukrainian position towards European integration orientation it should be noted that the transition to European standards of doing business will be a new level in economic relations and development, since Ukraine should follow the relevant requirements and be prepared for the consequences which they may bear. Implementation of these requirements will create opportunities for the expansion of trade flows of Ukrainian goods and services. And as Ukraine is a

country with a developing market economy, we should highlight the fact that no significant and long-term progress can be expected without understanding the competition nature and its impact on the business.

Not surprisingly, American businesses thrive, since their culture business provides almost complete freedom from barriers to participation in economic processes. However, use of competition as the driving force of business development is the main driving force behind these positive results.

In practical terms competition includes a rival between subjects of international economic relations for better working conditions, customers, and resources, both national and international recognition. Thus, it has sense as the economic process of interaction, relationship and struggle between enterprises on the market to provide better opportunities for their products' sales, ensuring customer satisfaction. Thus, it can be stated that although competition is a multifaceted phenomenon, however, the main guarantee of its existence is a struggle for better business conditions and customers, providing these conditions through buying goods and services.

However, competition has two sides of action caused by entrepreneurs, businessmen, employees and other stakeholders. It also manifests itself in different ways in the internal and external environment of the enterprise.

Among the positive effects of competition are as following:

1) External aspects:

+ Competition can bring business to a new development level compared to other companies by stimulating the development of leadership potential that will benefit its advantages in the fight for economic conditions.

2) Internal aspects (in the internal environment of the enterprise):

+ high persistence of the subjects;

+ hardening a character, resilience in own intentions and identifying important arguments for the resource support;

+ improvement in the team interaction as the most effective competition structure;

+ dissemination of innovative ideas into the external environment;

+ competition is one of the best ways to identify the crucial ideas among alternatives;

+ identify the potential of each individual in relation to his/her work.

There are such negative impacts of competition as:

1) External aspects:

- pressure on the competitor in the moral and production sense;

- using unfair methods of rival such as espionage, property and instruments' damage of the competitor, deception and blackmailing;

- identification and disclosure of negative, and sometimes false information about the competitor;

2) Internal aspects:

- imbalance moral qualities of employees, mostly with respect to each other;

- the shift from qualitative and innovative work to the quantitative results.

Depending on the situation, according to the authors, the competition can be displayed in the following styles:

1. "Shark system" – the competition is seen as an extreme method to achieve results, effectively competing with its partners for consumers. In this case, important moral qualities (business ethics principles) will be lost resulting in cold-blooded cases of tearing off the greatest piece of the possible benefits.

2. Artificial competition – may be introduced in the company for more motivation and encouraging of human resources to new ideas and methods for achieving goals. However, this method is difficult to control and coordinate, excluding its use in companies with weak administrative apparatus.

3. Grouping interests – the creation of structural group including a formal leader, generator of ideas, analyst, production director and communicant. This will bring people with common ideological criteria and opportunities for deeper and more comprehensive analysis of problems and solutions.

Since international business is a flexible and changeable phenomenon, to achieve success in the competition rival through the leader potential development the company should refer to the changing environment, including the formation of factors presented in Fig. 1.

The world market economy has seen many ups and downs caused by the abovementioned factors. For example, the world famous «Kodak» was a company, which gave people the first film camera. However, «Kodak» suffered a fiasco in 1970s without considering the significant number of the relevant variables such as environmental (the company was one of the major environment pollutants), technological (crowding out a better and more convenient technique), and also innovative (reluctance to go ahead of time and delayed response to changing demand for a digital camera on the market). If this powerful corrected company timely these errors, it would not be a bankrupt with huge debts of \$ 6.8 bln.

In order to avoid problems and to keep the enterprise afloat in terms of competitiveness, developing its leadership potential, the following guidelines should be considered:

1) to determine uncertainties (variables) faced by the company and distribute them to basic and secondary ones;

2) to create a specific set of the future scenarios for identifying threats and finding their solutions, as well as for use of opportunities for the strategic development;

3) to develop an effective combination of strategic alternatives for better adaptation to changing factors affecting the enterprise activity;

4) to define a clear set of indicators that will signal significant market changes and form a complex of actions foreseen in the scenario planning.

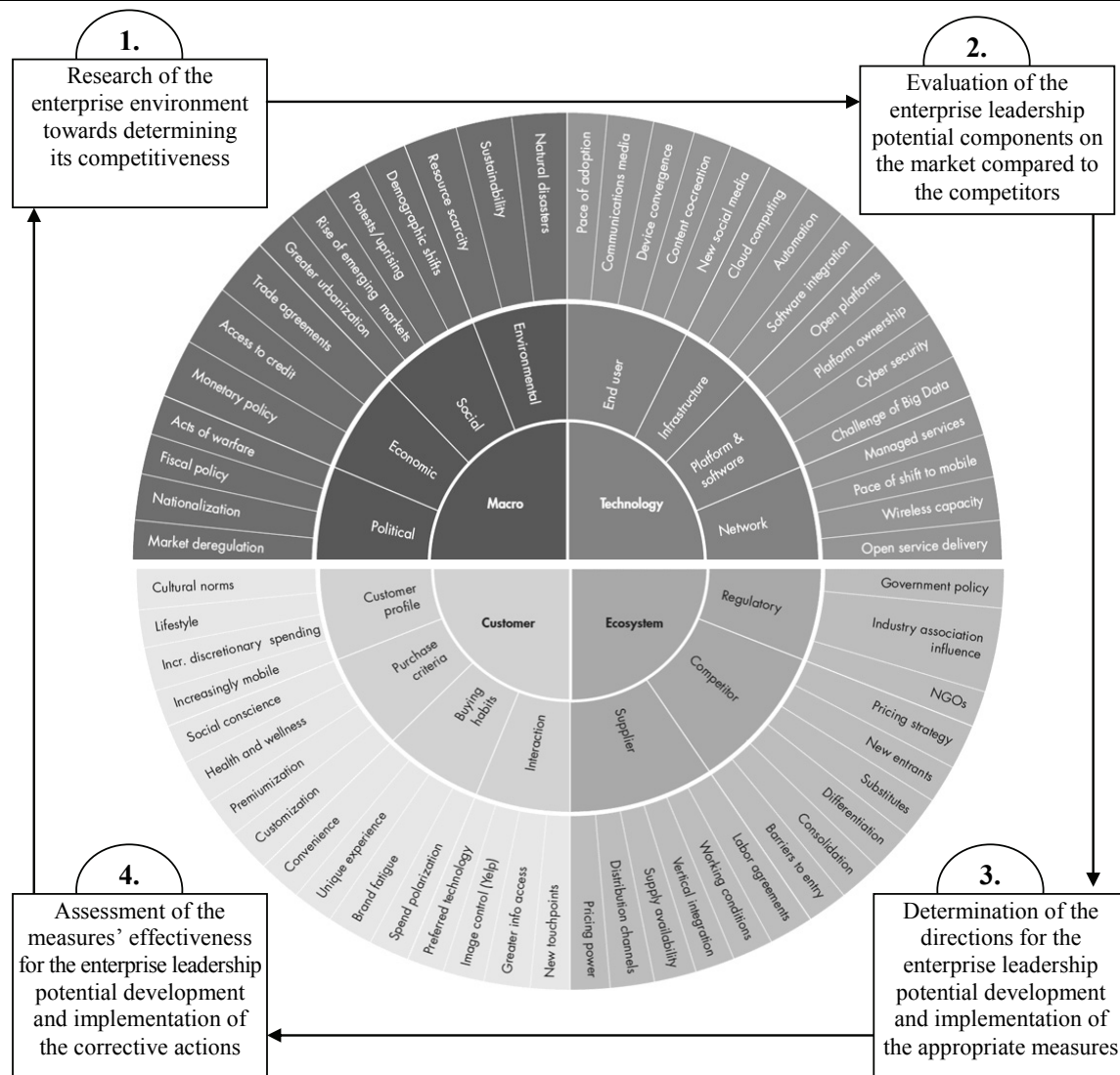


Fig. 1. Changeable parameters of the external environment of the enterprise affecting its leadership potential [compiled by the authors on the base of [6]]

According to the above mentioned guidelines a company should cooperate with variable parameters of international development and to adjust in time and modify their activities in order to adapt to the business environment.

Ukrainian environment functions as a market-economic structure. That is why domestic economic actors with certain level of the leadership potential are able to compete effectively on their own territory as well as abroad. However, taking into account the recent political and economic changes, monopoly prevents competition to operate its own course. Development of monopolies and oligopolies does not contribute to the innovation and creative thinking in relation to the business development, since they have already occupied a large part of the market. That is why competition should be used as an instrument to restore motivation, creativity and efficiency of business in Ukraine.

Additional problems include inadequate national legislation and the desire of some entrepreneurs get around it, corruption, inadequate financial reporting, which is suffering from the complexity of calculations and their opacity.

The mentality of doing business takes an important role in resolving certain disputes and problems concerning business. Cheating customers and competitors for town benefit is unacceptable. Few people will notice disposable fraud, but systematic cheating customers through providing low-quality products and services will lead to the loss of credibility among customers and partners. Therefore, companies should conscientiously serve customers.

Analysis of the problems of Ukrainian enterprises' competitiveness makes it clear that there are a lot of issues to be changed, including:

- update and provide more realistic legislation in line with European standards, including increasing its transparency and simplicity of understanding;
- improve system for the effective information help to starting entrepreneurs;
- increase the quantity and quality of financial audits for carrying out the enterprise financial reporting control;
- increase the quantity of scientific and business fairs and tenders that will open up new prospects for the business development.

Through the implementation of the above mentioned measures Ukraine will reach a new level of progress and

achieve significant results in further difficult, but rather bright future.

CONCLUSIONS

As a result of the study, it was determined that competition is an important tool to stimulate the leadership potential development of any company. Competition being primarily a "struggle for a better place under the sun" in the economic context has positive and negative impacts on the business activity of enterprises. The existence of variable environment factors can directly affect business activity and bring an enterprise both to a new level, and at the bottom of regression. The study revealed certain gaps in the system of Ukrainian business and support business competitiveness, as well as the ways of solving the problems.

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