

## IMPROVING THE COMPETITIVENESS OF THE ENTERPRISE BAKING INDUSTRY

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*This article considers the theoretical aspects of improving the competitiveness of enterprise of the baking industry. The significance of competitiveness in the development of the enterprise is determined. The results of the analysis of the competitiveness of enterprise of the baking industry and the strategic directions of its improvement are introduced.*

The competitiveness of enterprises, today, is considered by many native and foreign scholars. The pioneer works of this theme of research include those of M. Porter, who was one of the first to formulate the theory of competitive advantages, selecting the most common causes and factors of their retention, and the works of WJ. Stevenson, who identified five main ways that help enterprises compete among them [1, p.62]. However, despite such a variety of works devoted to competitiveness and theoretical substantiation of its importance in the implementation of activities of enterprises, problems presented by the field relevant than ever, due to the fact that not every enterprise producing demanded by consumers products is competitive in the market of products.

To determine the economic essence of the concept «competitiveness of enterprise" it is necessary to consider its interpretation in terms of scientists and specialists in this field, due to the lack of consensus on this matter.

After analyzing the concept of "competitiveness of enterprise", it was found that each reviewed definition can be referred to the following approach: as a basis of competitive advantages, as a tool to enhance the functioning or based on the commodity component of competitiveness. There are also authors, considering competitiveness at other angles. To such authors is possible to carry S.L. Kalachev, who views it through relationships of the seller and the buyer [2, p. 395] and L.N. Chainikova, who defines competitiveness as the ability to fight for the market [3, p. 22].

Generalizing the opinions of experts, we will offer an integrated definition of "competitiveness of enterprise" as "the property of enterprise, characterized by the degree of its competitive advantages disclosed by the production and sale of goods and services which satisfy customer's needs more efficiently than competing products in order to improve the results of its economic activity."

In general, competitiveness reflects the performance of an enterprise and their effectiveness, which are the competitive advantages and shaped by the factors of external and internal environment (fig. 1).

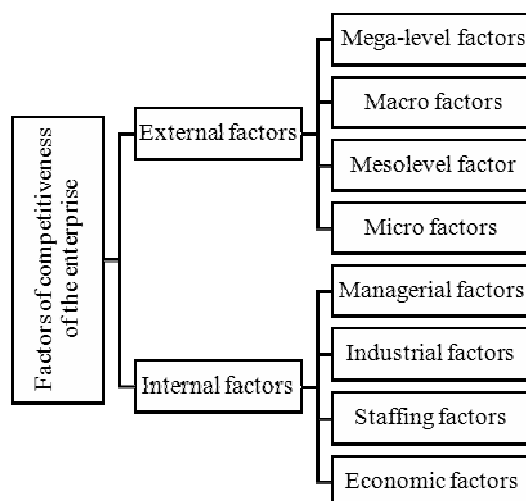


Fig. 1. Factors of competitiveness of the enterprise

Source: personal development based on [4].

Based on the identified factors the analysis of competitiveness of the enterprise through the following methods of estimation and prediction of its level was performed:

1. the method of determining competitiveness of the enterprise by estimating the level of competitiveness of its products or services;

2. the matrix method based on determining factors of competitiveness, and a particular economic area of the enterprise;
3. the method of determining integrated competitiveness of the enterprise on the basis of calculating the value of the integral index;
4. the operating method designed to determine competitiveness of each of the structural division of the enterprise;
5. the integrated method based on an evaluation of the effectiveness of all activities of the enterprise;
6. the dynamic method of evaluating competitiveness based on the key economic indicators of the enterprise [5].

On the basis of the results obtained after implementation of evaluation and predicting methods of competitiveness of the enterprise the ways of improvement its level are determined.

The main areas of improvement of competitiveness of the enterprise should include the following:

1) growth of sales volumes of manufactured products. This area is one of the main, because by increasing volumes of produced and realized production, enterprise will be able to increase profit margins by expanding the range of goods and services that will lead to the creation of new buying groups and, as a result, will increase a market share and enhance competitive position in the market;

2) improving the quality of products. Product quality has a greater influence on the attractiveness from the consumer, which is an important indicator of the competitiveness not only products, but also the enterprise as a whole;

3) decrease costs of production and realization of products with preservation of its quality. Decrease or increase of costs of the enterprise for production and realization of products effect on the level of its competitiveness to a large extent, since in the context of their increase the enterprise often decreases profits, which reduces the availability of turnover assets of the enterprise to strengthen its competitive advantages as compared to other economic entities in the market;

4) benchmarking. Knowing your competitors is a necessary element for the conduct of competition, as the identification of their strengths and weaknesses, as well as studying their experience, allow the company to shape its development strategy and develop strategic moves aimed at strengthening the competitive position in the market of goods and services.

It should be noted that each of the selected areas is focused either on made by the enterprise products, either on its functioning market. Having defined the main directions of its development, enterprise develops tactical and strategic steps, and then forms a line of its future conduct on the market – competitive strategy.

Table 1 shows the types of popular classification of competitive strategies of enterprises, proposed by most authors-researchers in this field.

Table 1 – Classification of competitive strategies of enterprises

Author	Strategy
M. Porter	– cost leadership (attracting customers at the expense of minimum prices for the products);
	– differentiation (attracting consumers by forming a product more appealing options than its competitors);
	– focus (orientation on a narrow segment of consumers).
L.G. Ramenskii	– violentnaya (typical for large enterprises with a stable reputation, gradually mastered a significant share of the market segments);
	– patientnaya (designed to gain and hold relatively narrow market niches within which specially designed and high quality products are realized);
	– kommutantnaya (designed to meet short-term needs of consumers);
	– ruderal (oriented on introduction of a new product innovations to the market).
I. Ansoff	– penetration (expedient in the event that enterprise operates with already well-known product in the existing market);
	– product development (it recommended when the enterprise working on a certain for it market and offers new products);
	– market development (requires large amounts of investment in new markets);
	– diversification (assumes expansion of spheres of business, by offering new products and services to new markets).

Source: personal development based on [6].

On the base of the presented material, as the object of the study an analysis of competitiveness of the enterprise of the baking industry was held, as a result of which there was a trend to a decrease this indicator and identified the following reasons impeding its growth:

- decrease in the efficiency of production;

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- reduction of the market share occupied by the enterprise;
- narrow range of long-term storage products;
- inefficient use of material resources of the enterprise.

To ensure strategic stability and increase the level of competitiveness of the enterprise, it is necessary to solve the above problems through the implementation of activities such as:

- renewal of fixed production assets;
- implementation of software;
- development of scientific research and experimental design pre-production;
- reduce the cost of production and sales.

Let's consider the process of their implementation in detail.

Upgrading of basic production assets. To solve this problem it is recommended to replace the existing furnace G4-CPF-H20 and proofer G4-XP-35 by proofing-furnace unit T4-RPA-15M. This replacement is offered on the basis of the fact that the performance of proofing-furnace unit is higher than that of the installed at the enterprise furnace by 25 kg/hour. It should also be noted that despite the significant difference in the occupied area (unit area of 51.7 m<sup>2</sup>, while the total area of the furnace and proofer was only 33.3 m<sup>2</sup>), the electricity consumption for the proposed unit T4-RPA-15M is much less than that of the currently installed equipment, which is a substantial saving for the enterprise.

Introduction of the software at the enterprise is a marketing tool to promote products on the market. To increase the market share of the company the introduction of a software management system "1С-Bitrix Site Manager" is proposed, as in today's business, such information systems solve problems of feedback consumers with the manufacturer, that will enable the company to conquer new markets and, therefore, to develop for the benefit of the consumer demand.

Development of R&D activities of pre-production. One of the identified problems hindering the improvement of the competitiveness, is the presence of narrow range of long-term storage products in the company. In this regard, for the effective elimination of the bottleneck, it is proposed to conduct in the enterprise scientific research on the development and introduction of new products with the participation of academic institutions, specialized in this field of scientific activity. This cooperation will contribute, not only to improve the competitiveness of the enterprise level through the introduction of these developments, but also to suffer significant social impact by training staff involved in this area of scientific activity.

Reduction of the cost of production and its realization. The problem of increasing material costs has a negative impact on the level of competitiveness of the enterprise. In this connection, it is proposed to reduce the consumption of fuel and energy resources due to expansion of spheres of business, by offering new products and services to new markets and to reduce the cost of purchased raw materials by import substitution.

Thus, competitiveness of the enterprise should be considered as an element of its management process aimed at the creation and development of competitive advantages with following extraction of additional profit. Identification of factors that characterize the competitiveness of enterprise is based on the methods by the implementation of which the enterprise can identify bottlenecks in ensuring an adequate level of competitiveness and develop the direction of its increase. Proposed measures to ensure strategic stability and increase the level of competitiveness should be implemented through specific strategies by which companies can predict their activities and increase its effectiveness.

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