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COMPETITIVENESS ASSESSMENT METHODS: ADVANTAGES AND DISADVANTAGES

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МЕТОДЫ ОЦЕНКИ КОНКУРЕНТОСПОСОБНОСТИ: ПРЕИМУЩЕСТВА И НЕДОСТАТКИ

Статья посвящена существующим методам оценки конкурентоспособности. Автор акцентирует внимание на преимуществах и недостатках методов оценки конкурентоспособности товара и предприятия и определяет границы их применения.

Ключевые слова: *методы оценки конкурентоспособности, продукты, предприятия, преимущества, недостатки.*

The article is dedicated to the existing methodological approaches of competitiveness assessment. The author focuses on the advantages and disadvantages of the product and enterprises competitiveness assessment methods and define limits of their application.

Key words: *methods for competitiveness assessment, products, enterprises, advantages, disadvantages.*

The current global market space is becoming an arena of competition of large multinational companies which are spreading their cultural and economic stereotypes worldwide [1]. Under these conditions, the problem of improving the management of competitiveness of national pharmaceutical companies has acquired its relevance.

Nowadays the Ukrainian pharmaceutical market requires from its members to forming a strategy of behavior that would be able to ensure the development of national companies in the changing competitive environment, increased levels of

competitiveness and investment attractiveness, expanding the ability to work in open global markets on a highly competitive basis. The problem of competitiveness assessment and management is particularly relevant for the Ukraine.

A lot of researches dedicated to the enterprise competitiveness management were made by foreign scientists such as I. Ansoff, P. Drucker, E. Kolass, P. Kotler, M. Meskon, M. Porter, P. Samuelson, J. Strickland and many others. In Ukraine scientific literature, capacity of pharmaceutical companies is reflected in the works by A. Biloshapko, V. P Hromovyk, G. V. Zahoriy, Z. M. Mnushko, O. P Piven, M. M. Slobodyanyuk, V. M. Tolochko, A. B. Krasnokutskiy, A. A. Lagunova, A. V. Litvinova, V. M. Timanyuk, etc.

Traditional areas of competitiveness research are competitiveness of products (services) and competitiveness of enterprises. This division is rather arbitrary, since the methods are quite similar, and only the object-matter of research may be changed) (Fig. 1).

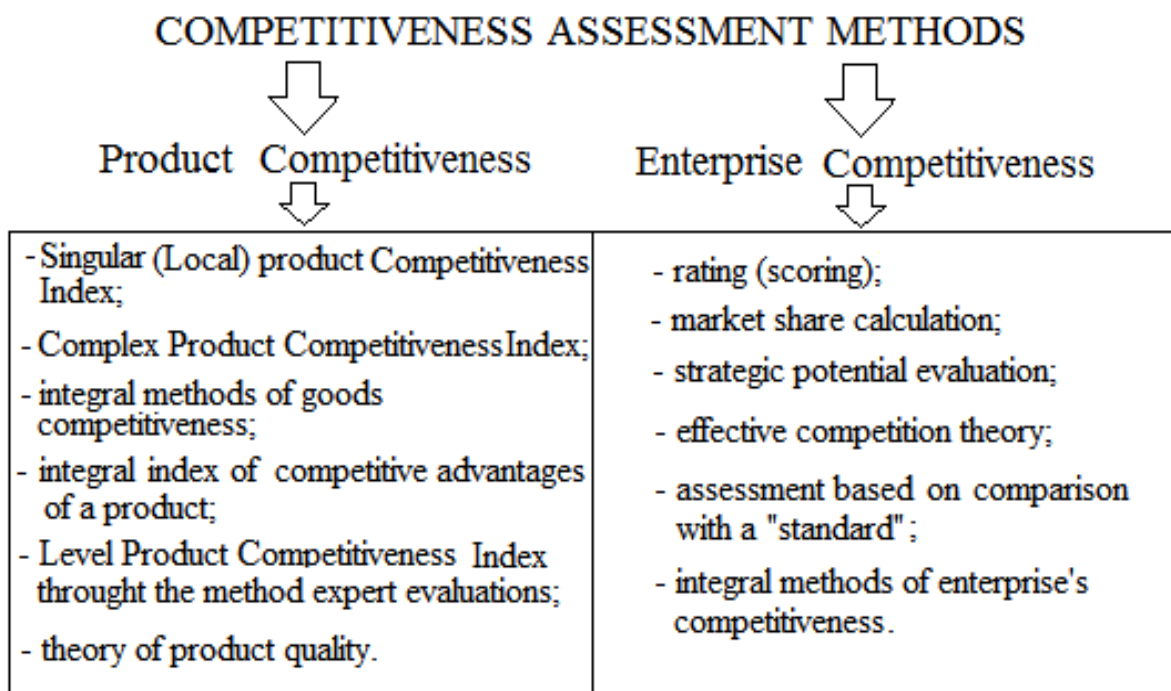


Figure 1 - Classification of methods for assessing competitiveness of enterprises and products

The theory of competitive advantages, authored by M. Porter, considers that a business entity competitiveness must completely and most effectively use all available resources [2]. Moreover, this methodology is difficult in assessing the

competitiveness of exporting enterprises as existing preferences characterize not only the company under study, but also attractiveness of the industry as a whole. It does not provide specific practical recommendations for achieving competitive advantage in the future, improving unfavourable position of the company. The mathematical aspects of the theory of comparative advantages are reflected in research papers by P. Samuelson and W. Stolper [3]. Theories of production factors and company's balance in a branch assess the competitiveness by assuming the fact that the company has such industrial factors that can be used more productively compared to the competitor and suggest that the industry is in a state of balance and meets the conditions of perfect competition [4]. Strategical potential assessment (functional approach) takes into account factors of internal environment and evaluates potential competitive advantage (analysis of fixed and current assets, financial performance and effectiveness of supply-side activities).

Model «market attractiveness – competitive advantages» (model GE-McKinsey) estimates the competitive position of a particular company compared to other companies, and to develop effective management strategies further. Application of the method requires assurance that the increase in activity is a reliable measure of the prospects of the company, and that the relative position of the company in competition can be determined by its market share.

The expert assessment of competitiveness of enterprises are of much interesting view of the most common factors in the marketing «4P» (Product, Price, Place, Promotion) – product, price, promotion and advancement that were developed and published by H. Borden and later added to by N. McCarthy, T. Levitt and adapted to "6P", "8P" concept (people - target audience, purchase – buying, probe – testing, public relations – communication with the public) for comparing a review of modern enterprises competitiveness in various sectors of national economy [5-6]. However, the number of competitive factors is potentially large, how long their list might be, it will never be complete. Recently, the ranking or ratings of companies have grown widely-spread in the world practice. This is due to the fact that the ratings are considered to be one of the tools of marketing policy and improving

competitiveness, «... good reputation reflects not only popularity and credibility of a company, but also gives it certain advantages in competition» [4].

Each of these approaches to assessing competitive companies have their disadvantages and at the same time, the effective field of application. Some of these other repeating certain limits. These differences, however, in our opinion, are complementary and not mutually exclusive and are aimed at improving the methodology for assessing the competitive potential of economic agents.

With regard to the evaluation of the competitiveness of the goods, in the economic literature there are many assessments of competitiveness of production, the most important of which are summarized in Table 1.

Table 1

Competitiveness assessing methods of the goods

Index	Calculation method
1	2
Singular (Local) product Competitiveness Index	$G_i = (A_i / A_{i,optim}) \cdot 100\%$ <p>A_i – the value of the i-th product quality parameter, $A_{i,optim}$ –</p>
Complex Product Competitiveness Index	$I_C = \sum_i^n a_{i,g}$ <p>$a_{i,g}$ – the weight of the i-th quality parameter; n – the number of parameters involved in evaluating.</p>
Complex Economic argument of Product Competitiveness	$I_E = C / C_0, C = C + \sum_i^T C_i$ <p>C, C_0 – respectively the total consumer's costs to buy product analyzed and the product which is the standard; C_i – average operating costs of production; T – product lifetime; i – year number.</p>
Integral methods of goods competitiveness	$IGC_m = \sum_{i=1}^n \sum_{j=1}^m \alpha_i C_j \beta_i F_{ij}$ <p>$\sum \beta_j$ – j-th factor significant of the i-th competitive advantages; α_i – significant competitive advantages of the i-th goods; n – number of competitive advantages of product; m – factor's number of competitive advantages of the i-th goods; C_i – relative or normative value competitive advantages; F_{ij} – relative or normative value of the j-th factor of the i-th competitive advantages.</p>

Table 1 continued

Goods Competitiveness Index through the method «1111-5555»	$C = \left(\sum_{i=1}^n E_{ij} / n \right) 5 a_j ,$ <p>E_{ij} – experts estimation by the i-th expert of the j-th factor (from 4 to 1); n – numbers of experts; a – a factor of competitiveness.</p>
Theory of the competitive goods sales	$VA = 1 / \left(\sum_i^n b_i / b_A + 1 \right)^{m/C_A} ;$ <p>C_A – competitive level of the goods A; b_i – prestige indicator of the competing firms; b_A – prestige indicator of the enterprise we estimate (it produces the goods A); n – number of competitor products.</p>

A lot of researchers offers as a base the specific product that dominates (has the largest share in terms of sales) on a particular chosen market. Other researchers in basic products take determined on the basis of market research ideal consumer product model, that is, the products that are willing to buy will need be. Then, as a rule, single parametric indices are combined into a group index of competitiveness (quality) of a product (I_E), taking into account of significance of each quality indicator (factor weight). Group quality index characterizes the extent to which the analyzed product base products for the quality, that is competitive in quality (non-price competitiveness). Determination of the coefficients weighting of indicators would be of the most difficult part of the assessment of the level of competitiveness of products. For this purpose, various methods are used: the nominal and limit values of, and the cost of a regression equivalent quotients and expertise. The latter is the most common.

Several researchers consider the importance ("significant") quality characteristics on a par with the price of consumption [7]. Subjectivity in the assessment of the competitiveness of products and manifested in the choice of evaluation criteria. Some researchers are laying in the calculation of more than 20 criteria. This makes the calculations cumbersome. In this case, most of the indicators evaluated organoleptic or expert method.

Thus, the majority of techniques involves the comparison of nearly identical companies producing similar goods and services and operating in similar economic conditions. development of commodity-money relations leads to more and more aggravated by differences in the economic conditions of enterprises, it becomes more difficult to determine the precise geographical boundaries of a market, establish a list of competitive products and enterprises. Analyzing the existing indicators of competitiveness of goods may be noted that a clear and objective quantitative evaluation criterion is still no. Existing methods for evaluating the competitiveness of products are intuitive, controversial, complex, subjective.

Conclusions and prospects for further research. Enhance strategic competitiveness of the enterprise can not be obtained at random. Enterprise's management needs based system of governance. To do this, the company's management should not only conduct a systematic analysis of the markets in which it operates, to adequately assess their competitiveness and to identify opportunities and weaknesses of competitors, but also to provide a control action on their competitiveness in order to improve it through the effective use of existing competitive advantages.

Any business entity - is a set of quality indicators, which occur when changing its quantitative and qualitative changes. Thus, the assessment of the competitiveness of a result, an should be kept to identify the most significant numerical indicators of competitiveness, their integration. Existing methods for evaluating the enterprise's competitiveness in modern conditions have certain limits of effective using and disadvantages. Thus, the study of pharmaceutical enterprises competitiveness requires an integrated approach, transparent methodology and clearly defined estimating parameters, which are reflect peculiarities of functioning of pharmaceutical industry enterprises.

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