Entrepreneurship
ISSN: 1314-9598; 2367-7597
Volume: VII, Issue: 1, Year: 2019, pp. 16-24

COMPETITION AND COMPETITIVENESS – GENERAL THEORETICAL CONCEPTS

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Received: 22.04.2019, Accepted: 03.05.2019

Abstract

Competition and competitiveness have been a hot topic since ages. Currently, it has become more and more modern considering the fact that we live in times of fierce competition on international, regional, corporate and personality basis, times of fierce fighting for competitive advantage at both macro- and microeconomic level. The main aim of this report is to systematize and draw concepts for competition and competitive power. The major research methods used in this work are content analysis, comparative analysis, intuitive and systematic approach, method of analysis and synthesis.

Keywords: *entrepreneur, entrepreneurships, entrepreneurial activity, business*
JEL Codes: *L26*

INTRODUCTION

There have been many authors, statements and laws of competition since ancient times up to nowadays. This is a subject that will gain further actuality as we are living in a world of incessant technological renovation, a world of innovations developing all the time, parallel with the growth of consumers' needs and whims. We are living in an age of limited resources, ideas for conquering new markets, and times of continuous fighting to prevail over competitors. Times of a material world led by the pursuit of power and increase of wealth. These are prerequisites predeterming the future actuality of the subject of competition and competitiveness.

It is important to study competition and competitiveness, as:

- It is a natural regulator of a series of economic phenomena;
- It sifts out the economic subjects offering at the market the highest quality at the best price, and those who best meet the social needs;
- It is one of the major factors for wholesome economic growth.

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Based on the study of the bibliographic sources on competition and competitiveness, it can be establish that competition is studied at three levels – at the level of a product, at the level of an enterprise, and at the level of an economy. It is worth noting that each of these levels is directly related to the other two levels, i.e. every change of competitiveness at each of these levels shall inevitably affect the other two, either positively or negatively.

DISCUSSION

Data of competition could be found even during the 1st millennium B.C. in ancient Rome. "During this period many settlements became cities known as commercial-agricultural poleis distinguished by a primitive social life and first signs of social class stratification of society. The trade competition between these cities often resulted in armed conflicts" (Bekyarova, Velev, Pipev, 2000, p. 61). During the 17th-18th C. an educated Frenchman Pierre Le Pesant de Boisguilbert came across the subject of competition. Boisguilbert drew the conclusion that „after studying the laws under which prices change, one notes that competition is the natural regulator of prices, it regulates prices and market relations" (Bekyarova, Velev, Pipev, 2000, p. 138). He studies competition as a natural regulator of prices and assumes that to a certain extent competition on the market inevitably influences the price of a particular product or service. The free competition allows a larger number of participants to access the market, and hence there is a more dynamic development of the market itself, resulting in sifting out those offering better quality and having greater profitability. James Mill assumes that "determining the shares of the worker and the capitalist is a subject of a business deal, of bargaining between them. Every free business deal is regulated by competition and the terms of the deal change depending on the change between demand and supply" (James, 1823, pp. 35-36).

Studying the market system Frédéric Bastiat proves that "the subjective experiences of economic subjects are equivalent, bent though the other main source of harmony – the free competition. It is under the conditions of a free competition that there is nothing making the subject enter into unprofitable deals“ (Pipev, 2002, p. 326). At developing the theory of salary John Stuart Mill analyses that competition appears to be "the main regulator of wage.“ (Mill, 1980, p. 41). "At times of starvation, people as a rule are in a too fierce competition for employment accepting conditions of the workforce market that are unfavourable for them“ (Mill, 1980, p. 45). Vladimir Milyutin sees "that free entrepreneurship and competition determine a higher economic growth of industry“ (Milyutin, 1946, p. 354). His view is that “the producers’ independence and their unrestricted rivalry bring to the quick multiplication of people’s wealth“ (Milyutin, 1946, p. 354). At the development of his “Theory of Elastic Economy”, Alfred Marshall states that the “issue of elasticity is derivative from Marshall’s understanding of competition and monopoly. It is the sharpest when consumers come across the so-called “monopolistic price”. If on a global scale there is only one company producing motor cars, it could impose the prices upon lacking competition on the market. A particular actuality at a certain time is gained by the issue when the products are for people’s urgent needs – for example, the production of life-saving medication, energy production and provision of water for the population” (Pipev, 2002, p. 500). In his opinion, “the exact meaning of the term of “competition” lies in the fact that a man compete with another man, especially in purchasing and selling anything” (Marshall, 1983, p. 60). At the development of his theory of the distribution of income, John Bates Clark comes to the conclusion that “a main motor of equilibrium remains the power of competition. It makes the economic system elastic and provides an opportunity for a continuous trend to equilibrium (Bekyarova, Velev, Pipev, 2000, p. 554). He wrote his work “Distribution of Wealth“(1899), regarding his theory on the distribution building it onto the hypothesis that “the economy is in a static state or at least the trend is such. This is, however, possible upon perfect competition“ (Pipev, 2002, p. 519). „The general conclusion drawn by Clark is that everybody receives an income equal to the end product of its productive factor. Within this sense, the economic quantities always incline to equilibrium owing to the perfect competition. Such a competition between the firms and companies bring to a final productivity of production factors depending on their different consumption, which in various combinations actually determine the harmony in the production process. In addition, it is the basis on which the economic system functions as an internally coordinated mechanism“ (Pipev, 2002, pp. 519-520).

Friedrich von Hayek develops the idea that “societies relying on competition would be more successful in the implementation of their goals because through competition things become better and more qualitative” (Pipev, 2002, p. 648). According to him, “free competition means that everyone is free to deal without being restricted by the state or other institutions, at nonstandardized prices” (Pipev, 2002, p. 648). Rayna Dimitrova defends the statement that “competition belongs to the most important elements of the market mechanism. The interaction between the market subjects is secured through competition and a more efficient economic development is stimulated by competition" (Dimitrova, 2014, p. 13). Mariya Stankova assumes that "competition is a kind of relationship between people occurring at the pursuit of a common goal. In a world of unlimited needs and scarce resources, competitive relations shall inevitably occur. On the markets of goods and services, producers all the time compete among themselves to attract new customers. The only way to increase one's profit is to achieve an advantage compared to the competitor. And such a pursuit always establishes prerequisites for the better use of resources and satisfaction of more needs" (Stankova, 2008, p. 94). In her opinion, "competition stimulates the invention of new technologies and innovations, in general. However, the access to technologies is restricted and depends on money and even the "known" technologies are, in fact, known only to particular individuals and entities. Competition creates stimuli for discovering the best utilization of existing technologies" (Stankova, 2008, p. 95). M. Stankova states that "apart from stimulating innovations in general, competition underlies the variety and increase of the wealth of society. At that, it is no prerequisite for the occurrence of a utopic society, but it rather provokes outright or concealed confrontations" (Stankova, 2008, p. 95).

There is an interesting view of Traycho Spasov on competition, and namely that "in a general plan, competition is a process, a procedure of a purposeful advance creation and use of certain competitive advantages for conquering larger market territories and maximizing the outcomes of the economic process" (Spasov, 2006, p. 131). According to him, "full competition is an economic model or a system of principles for the organization of the economic (market) order" (Spasov, 2006, p. 236). Manol Ribov assumes that "the theory of competition can be defined as a systematical reflection of the interaction between the economic subjects, at which each of them strives at achieving its interests regardless of the other subjects. On a particular market on which a particular product is offered, competition occurs as a presence of two or more producers and consumers. Contradictions between the different producers and consumers are manifested in the form of a competitive fight between the sellers of homogenous product, between the buyers, and between the buyers and sellers. As the competitive fight happens in relation to the range of a product, its quality, price and sales condition, the internal contradiction is to be sought in the contradiction between the consumer value and the cost of the product, the source of which is the contradiction between the concrete and abstract labour. Through competition these internal contradictions find their external expression and are resolved to the benefit of those producers who offer a product of higher quality for the production of which minimum costs are spent" (Ribov, 1997, pp.

5-6). Philip Kotler comes to the conclusion that "the closest competitors of a company are those pursuing the same target markets with the same strategy. The strategic group is a group of companies following the same strategy on a particular target market" (Kotler, 1996, p. 279). Further on "a company should all the time keep an eye on the strategies of its competitors. Competitors hold resources and revise their strategies in the course of time. ... Companies must look out for the changes in the demands of customers and the competitors' strategies for satisfying such demands" (Kotler, 1996, p. 281). "The companies maintaining a good balance in their policy towards consumers and competitors have a proper market orientation" (Kotler, 1996, p. 296). According to Michael Porter, "the structure and development of global economy and the way in which the company reaches its competitive advantages determine the trends and essence of the modern theory of competition" (Porter, 2001, p. 16).

After a careful study of bibliographical sources it can be assumed that competition is a continuous fight of the interested economic subjects for prevalence over their competitors through the proper and economically grounded use of the available resources, knowledge and factors a particular economic subject has. In order to stand steadily on the market, the enterprises should position themselves in a way enabling them to obtain a competitive advantage as compared to the other participants on the market in the particular branch. In M. Porter's opinion, "in order to achieve a competitive success the companies in the country must possess a competitive advantage in the form of lower costs or differentiated products imposing higher prices" (Porter, 2001, p. 23). After summarizing the same sources we can distinguish that the proper positioning and the pursuit of its improvement parallel with obtaining a better competitive advantage as compared to the competitors is compulsory because "if an enterprise drops behind its competitors in the productivity of labour, it shall start laying off its staff; if its products are worse and more expensive than the products of its competitors it will gradually go bankrupt" (Marinov, Velev, Gerasimova, 2001, p. 143). "Competitive positioning is to be understood as the place a particular business takes among its immediate rivals, while standing acceptable positions or acquiring new ones in the process of juxtaposing its actions to those of its competitors. The market share measured through the volume of sales of homogenous goods at comparable prices is of a key significance for its measurement" (Nenov, Minkov, 2015, p. 143). To that regard, Vyara Kyurova specifies that "the study of competitors is one of the important factors enabling the enterprise to become a leader in the branch and to take the best market position" (Kyurova, 2015, p. 198). Ph. Kotler assumes that the competitive advantage is “an advantage over the competitors earned based on supplying a greater value either at lower prices or with greater benefits justifying the higher prices” (Kotler, 1996, p. 431). M. Porter writes “industry is an arena on which the competitive advantage is won or lost. Through their competitive strategies the companies aim at defining and establishing an approach to competing in their industry, which is to be both winning and sustainable” (Porter, 2004, p. 58). R. Dimitrova considers “the competitive advantage a particular positive quality of a particular subject or object, by which it excels and with which it distinguishes itself in a positive aspect from its competitors” (Dimitrova, 2014, p. 41).

Based on the studied bibliographical sources it can be summarized that the proper positioning of an economic subject inevitably brings to a competitive advantage. Proper positioning is understood as a purposeful and detailed setting of all the distinguishing features presented in the most appropriate manner regarding a specific situation, which would make the target group (buyer, public) prefer us to the other competitors in the sector. We dare state that by achieving such a task (that is not easy at all), we already have a competitive advantage over the other competitors and we obligatorily have to endeavor to keep it but also to continuously take efforts to increase it. Against the background of a profound study of bibliographical sources, we can distinguish that the competitive advantage is an aggregate of benefits, which if applied in the best way given the particular situation, shall bring to superiority for the economic subject. In order to have a steady competitive advantage once achieved, respectively to keep it and increase it compared to the competitors in the branch, attention is to be paid to competitiveness. It is competitiveness that distinguishes the economic subjects in a branch from one another. The economic subjects exceling their competitors are more competitive. Filipova and Yuleva state that the “concept of competitiveness is closely related to the competition on the market. It is the major concept under market economy and is an expression of a more effective and efficient function of a particular business regarding the other subjects in business” (Filipova, Yuleva, 2018, p. 223). They also assume that “competitiveness is among the most important internal factors for company functioning and is implemented through communications with the other subjects of external environment. Within the broad sense this means an option to win the victory in some rivalry” (Filipova, Yuleva, 2018, p. 223). Besides that, they consider „competitiveness a fundamental complex indicator, a concentrated expression of economic health of each company, summarizing the efficiency of functioning of its economic, social, financial, institutional and other subsystems" (Filipova, Yuleva, 2018, p. 224). According to T. Spasov, "the achievement of competitiveness is a constant intensively developing and upward process of creating competitive advantages" (Spasov, 2006, p. 219). Stefan Kirilov states that „In order to have a clear market competitiveness the public and private sectors need to work closely together and support each other" (Kirilov, 2018, p. 250).

M. Ribov assumes that "the ability of a company to win against its competitors is a reflection of the attractiveness of the product offered by it; it is what makes the consumer prefer its product to the many alternatives offered" (Ribov, 1997, p. 11). Georgiy Yakovlev defines that "competition is to be understood as the characteristic of the product that reflects its difference from the competitor's product, both by the degree of compliance to the particular need and by the cost of its satisfaction" (Yakovlev, 2010, p. 26). R. Dimitrova defines competitiveness as a "dynamically controlled property of the object of assessment determined by the competitive advantages and weaknesses, and expressed in the ability to withstand the competition within the system of market relations during the studied period of time" (Madgerova, Karashtranova, Kyurova, Stavrova, Dimitrova, 2012, p. 7). V. Kyurova assumes that "competitiveness is manifested through competitive advantages" (Kyurova, 2018, p. 111). At the same time according to Dilyana Yaneva, "the achievement of a steady and high-quality employment rate and the increase of productivity of labour influence the efficiency of competitiveness of the companies" (Yaneva, 2013).

It is significant to note that the "development of the theory of competition is accompanied by the formation of diverse views on its essence and contents" (Dimitrova, 2014, p. 21). "At the same time competitiveness is explored in many aspects and at various subjective levels" (Dimitrova, 2013, p. 77). "A fundamental moment at studying competitiveness is the fact that every enterprise functions in a specific competitive environment" (Dimitrova, 2012, p. 3). „The evaluation of the competitive advantages of a company is the basis for the development of marketing strategies" (Yaneva, 2017, p. 51). Michael Porter, in his book "The Competitive Advantage of Nations", states: "it is not clear at all what the concept of "competitiveness" means in terms of a nation" (Porter, 2004, p. 15). In his opinion, "the only sensible conception of competitiveness at a national level is the national productivity" (Porter, 2004, p. 19).

Based on the bibliographical sources of competition and competitiveness it can be defined that it is not only competitiveness that brings to a completive advantage, but the opposite is also true, a competitive advantage brings to competitiveness. A competitive advantage does bring to competiveness, and on its part, the competiveness does bring to new competitive advantages. It can be also summarized that competitiveness is a mirror reflection of the economic subject thus providing information of the position and situation in which an economic subject is placed and which it faces with regard to its competitors. It also provides information of everything that could be done, of the direction, strategy, and way to do it, regarding the place, situation, objectives, and resources available to the economic subject. With regard to a product competitiveness, a conclusion can be drawn that it is comprised of all its properties enabling it satisfy consumers' needs and preferences, and regarding the competitiveness of an enterprise (or a company), it is to be realized that this is its capability to conquer new markets while unprecedentedly preserving the old markets parallel to the growth of profits, satisfaction of needs and domination of the product (service) it supplies on the market. Competitiveness at a national level (of a national economy) is a synchronous action of all the components contained in it for the achievement of a competitive advantage, which is to attract more and more investors (domestic and foreign). The more investors are, the more competitive the economy is.

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