

BASIC THEORETICAL STATEMENTS FOR THE COMPETITIVENESS OF SMALL AND MEDIUM-SIZED ENTERPRISES

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Abstract

The modern world is characterized by a high degree of economic activity in its various manifestations and high dynamics of various changes affecting the socio-economic development of our society. Competition creates an increasing incentive for innovation and the introduction of technology, creates entirely new needs, causes buyers to search and buy. All this requires the enterprise to be competitive with other companies on the market. Competitiveness is an opportunity to maintain high levels of labor and capital productivity, and to achieve sustainable economic growth, coupled with an increase in real incomes of the population, through systematic innovation.

For an in-depth understanding of the causes and origins of the current economic system, it is important to analyze the characteristics of competition and competitiveness covering small businesses. The main objective of this article is to clarify the nature of the competitiveness of enterprises and to identify its stages and characteristics. The main research methods used in the development are content analysis, method of analysis and synthesis, intuitive and systematic approach.

Keywords: *competition, competitiveness, governance, manager, innovation, economy.*

JEL Codes: *L20, M10*

INTRODUCTION

The business of small and medium-sized enterprises is determined by the market, which defines the needs of society as a whole. This is where the quality of the production of each enterprise comes to be competitive. Competition needs to be addressed in today's dynamic business as an important incentive to increase business efficiency both domestically and internationally. According to Dimitrova, competition refers to the most important elements of the market

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mechanism. Competition ensures synergies between market actors and stimulates more efficient economic development. (Dimitrova, 2014, p. 13) in order to accelerate scientific and technical progress, to introduce and create innovations and technologies, to the economic growth of the enterprise, one of the most important factors is competition, and from there competitiveness itself.

Competition is, in fact, competing between undertakings in a single market segment, in order to achieve pre-established objectives in the event of freedom of exchange with consumers. Dimitrova mentions that competition is also a driving force for the development of sites and actors of government and of society as a whole (Dimitrova, 2014, p. 17). The substantive matter of competitiveness is reflected in the increasing degree of well-being of the nation and individual citizens (Stankova, 2013, p. 9) and the notion of competitiveness is closely linked to competition in the market. It is a basic concept in the economy and is a diction of the more efficient and efficient functioning of an enterprise in terms of its own.

Yaneva notes that in his daily activities the organization faces many competitive situations. Successful management of these situations requires the company's attention to be directed on the one hand to determine the state of competition and, on the other, to its own competitive advantages (Yaneva, 2017, p. 47). Competition is a universal tool for preserving the effectiveness of different companies and stimulating the most efficient ones. The most important feature that competition possesses is that it is a process that enables the use of experience and knowledge in a way that leads to maximum economic performance. According to Timofeeva opinion, the formation and realization of an adequate competitive strategy of the enterprise is an essential condition for its prosperity in the modern conditions of deepening competitive rivalry and unsustainable economic environment (Timofeeva, 2015, p. 17). The competitiveness of producers, traders and entrepreneurs depends to a large extent on innovation and innovative potential, financial opportunities and access to the international and European markets. In a globalized economy, innovation policy is associated with accelerating economic development and boosting competitiveness by transforming creative ideas into real products, services, processes and technologies. In the same way Ivanova describes in his work competitiveness and innovation (Ivanova, 2014).

DEFINITIVE AND MEANINGFUL COMPONENTS OF COMPETITIVENESS

The economic category "competitiveness" is an element of the conceptual apparatus that determines the success of the economic activity of enterprises on the market, as well as the focus of scientists. According to Timofeeva, competitiveness as a concept is used in many industries of industry and in various types of objects: products, branches of the economy, and spheres of human life (Timofeeva, 2015, p. 17). The development of the competitiveness theory is followed by the formation of different views and opinions about the nature of the competition and what its content is. A significant contribution to the theory of competitiveness brings Porter, which identifies competitiveness as "... property, characteristic of the product, the service through which market participants are entering the market on an equal footing with the analogous products, services and competitors present there (Porter, 2005, p. 588). Competitiveness is the ability to create sustainable development through the production of goods and services that successfully pass the verification of an unrestricted market and educated demand under normal conditions. Competitiveness is a relationship between high-demand markets, companies – leaders and durable investments in human capital. An economy in which even its own consumers do not buy what it produces is doomed to decline. However, competitiveness is a quality of individuals, entrepreneurs and corporations, not peoples, countries or economies. The notion of competitiveness is closely linked to competition and the market. It is the main concept of a market economy and is an expression of a more efficient and efficient functioning of a business vis-a-vis other business entities. Competitiveness is one of the most important internal factors for the functioning of the company and is realized through communicate with other entities in the external environment. In a broad sense, this means an opportunity to win some rivalry. The essence and content of competitiveness is revealed at several levels, namely: level of products, level of organization, and level of national economy. Competitiveness in modern conditions depends on four interrelated elements:

1. Conditions for the functioning of the company in the country.
2. The nature of the internal market.
3. Status of related and supportive industries.
4. Characteristic of the main production factors.

Velev examines the competitiveness of the enterprise as its ability, through continuous renovation and improvement, to create and sustain competitive advantages leading to high business performance in the long term. (Velev, 2004) in a number of scientific developments and scientific works, various properties of competitiveness are discussed, which underpin its complex and multidimensional nature.

In his perceptions of the nature of the company's competitiveness, some authors put the emphasis on the economic parameters and the effectiveness of its activities, Porter says here that in order to achieve competitive success, the country's enterprises must have a competitive advantage in the form of either lower costs or differentiated products that impose high prices. The author takes the view that, in order to maintain the advantage, over time, businesses need to achieve more advanced competitive advantages by providing higher quality products and services or through more efficient production. This is directly transformed into productivity growth (Porter, 2004, p. 125).

According to Dimitrova, the level of competitiveness of the product, respectively of the products, as well as the prospects and potential for its enhancement are among the main factors of the company's competitiveness (Dimitrova, 2013, p. 77). Filipova points out that the competitiveness of a product depends on the extent to which it satisfies the needs of consumers and the effectiveness of the processes that produce and sustain it (Filipova, 2005, p. 111). In addition, Kyurova considers that the competitiveness of the product can be seen as an expression of the positive relationship between product characteristics and consumer preferences, i.e. its satisfaction with these characteristics (Kyurova, 2018, p.101). In this regard, it is important to note that the continuous improvement of the product and its specificities or characteristics, increase its competitiveness among other products on the market, and from there improve the competitiveness of enterprise. The definition of competitiveness can be formed as the ability of a company to "fight" the market with rivals in the production and sale of goods or services and, likewise, the ability of a party to maintain a relatively high standard of living for its citizens through trade on international and own markets.

PILLARS INHERENT IN COMPETITIVENESS

Competitiveness is a fundamental complex indicator. It is a concentrated expression of the economic health of each company, summarizing the efficiency

of the functioning of its economic, social, financial, institutional and other subsystems.

Competitiveness is always a comparative category, has the potential for intensive sustainable growth with its inherent pillars:

- Economic, social and environmental;
- Productivity of the factors of production;
- Factor costs for the production of the final product unit;
- Quality (technical level) of the manufactured products;
- Reliability of products and services;
- Structural features of the economy in the broadest sense of this concept;
- The imitation and innovative potential of the economy;
- Strong sensitivity to market signals and expeditious response; potential for rapid absorption, dissemination and commercialization of technical and other innovations;
- Loyal partnership in business relationships;
- Combining private, public and public interests.

Therefore, the competitiveness of the enterprise can be defined as the ability of the enterprise, through continuous renovation and improvement, to create and sustain competitive advantages leading to high business long-term results (Savelyeva, 2009).

Competitiveness encourages the manager to think and plan new innovations to be introduced in the company so that it can bring it to the other companies on the market. When the company manages to market innovation or a new product/service, it gradually gains greater competitiveness and gets a chance for faster growth among other companies. We can note that in order to develop the company, it must be flexible, creative and innovative.

BALANCED SCORECARD FOR COMPETITIVENESS

Many authors analyze competitiveness more as one-sided: it emerges as a key factor and, on the basis of it, develops the whole model of competitive behavior. The concept of competitiveness, based on a comprehensive set of key factors, began to emerge in economic literature. One of the clearest examples is the concept of the balancing map for the results of Norton and Kaplan. In their work, these scientists try to model the level of competitiveness based on a complex of factors (Kaplan, 2003, p. 214). The objectives and indicators are formed depending on the strategy of the Company and consider its activity on

four criteria: financial, client relations, internal business processes, as well as training and development of staff. As Norton and Kaplan have pointed out, BSC is a balanced map concept that combines a characteristic for evaluating the activities of experienced and interested participants in the value-creation process with financial perspectives for both short-term projects and for successful long-term activities in the context of fierce competition.

The balanced reporting card tries to systematize the competitiveness factors and to build an indicative enterprise management algorithm based on a set of interrelated indicators. The undoubted merit of BSC is the methodological message for establishing an indicative enterprise management system based on a set of interrelated indicators.

At the same time, the excessive "openness" of the method, the absence of constant indicators and their functional relationships is its disadvantage and in fact turns it into a "sketch" containing only general guidelines without specific indicators and relationships between them. Moreover, the composition of the activity criteria is not exhaustive enough to examine the competitiveness of large business units and integrated structures whose activities are characterized by many forecasts and the result of the activity is due to the synergistic effect of their constituent units. As can be seen, the history of economic thinking shows a transformation of views on competition and competitiveness, due to the increasing complexity of economic relations between economic actors and the practical identification of new factors for competitive advantages. It should be stressed that the transformation of economic relations is encouraged by the competition itself between undertakings, which forces them to seek new opportunities for exclusive development, while the existing resources have been exhausted and established "Equality of opportunity" on the market. Accordingly, approaches to assess competitiveness are constantly being influenced by a dynamically evolving market, as well as intense transformations in various areas of the socio-economic life of people.

As the economy itself is a "relative" science, i.e. based on the comparison of competitors, the angle of views on competition often plays far from its last role in competition: a vivid example of price, structural and behavioral interpretations of Competition and the respective competing strategies that result from them. At the same time, regardless of the new approach to the assessment of competitiveness, and no matter which key factor it points out, it should not be absolute its influence in the development of measures aimed at increasing competitiveness, but rather Quantify the effect of the event and correlate with the cost of its implementation. The development of the theory of

competitiveness is accompanied by the formation of diverse views on its nature and content. Many scientific developments consider different competitiveness properties that form a complex and faceted character. According to the opinion of Dimitrova, the perception that overall competitiveness is manifested as a steadily sustained increase in productivity, resulting in increased incomes and improvement of living standards, and that it is Formed on the basis of the creation of a higher value, by increasing productivity, improving the quality of the offered products and innovations, appears to a large extent unifying in the scientific literature in this subject area (Dimitrova, 2015, p. 14).

THE MAIN FEATURES OF COMPETITIVENESS

Filipova points out that in today's market conditions it is very difficult to achieve a stable success in business if its effective development is not planned, if the information about the prospects and opportunities of the company is not studied and analyzed, the state of Position of competitors and their own competitiveness (Filipova, 2004, p. 81). According to Kyurova, the study of competitors is one of the important factors enabling the enterprise to become a leader in the industry or to lend the best market position (Kyurova, 2015, p. 198). In addition, based on the analysis of competitors, the business has the opportunity to determine its market positions, to receive information on the State and future development of the market, to establish the objectives, strategies, strengths and weaknesses of the competitors (Kyurova, 2014, p. 102).

In this regard, it is appropriate to summarize the views of different authors on the most important characteristics of the economic category competitiveness (see Dimitrova, Zavylov, Fahutdinov, Savelyoeva, Safullin):

- In order to maintain and increase the level of competitiveness there is a need to carry out an objective quantitative assessment of competitiveness (Zavylov, 1992).
- Competitiveness has a faceted character which derives from its assessment, respectively from the presence of an entity, object, objectives and criteria of its assessment (Fahutdinov, 2000).
- Competitiveness is contradictory, as it needs to combine the interests of producers and consumers (Savelyoeva, 2009).
- Competitiveness occurs in the presence of competition, i.e. when comparing different competing sites and entities, which determines its relative nature (Dimitrova, 2015).
- Competitiveness has a dynamic character and changes over time.

- Competitiveness is predicated on the totality of competitive advantages and weaknesses.
- Competitiveness is a complex category, which is formed at many levels (Safullin , 2002, p. 111).
- Competitiveness is specifically manifested under certain conditions, including on a specific market over a specific period of time.
- Competitiveness is manageable.

Therefore, according to the opinion of Dimitrova, the study of the substance and the content of competitiveness must be bound to the specific level to which the analysis relates. At a subjective level, competitiveness is manifested and investigated as:

- Macro-competitiveness – national competitiveness of a country;
- Meso - competitiveness – competitiveness of the region, industry, sub-sector, cross-industry complexes and corporations;
- Micro-competitiveness – competitiveness of individual enterprises and individual entrepreneurs.

On the object level the competitiveness of individual products is studied; technologies, information and infrastructure, etc. (Dimitrova, 2014, p. 23).

According to Angelov, competitiveness shows the opportunities of the economy to increase national productivity quality and compete with other economies of the regional and global market. The author argues that competitiveness is a fundamental indicator, a concentrated expression of the economic health of each country, summarizing the efficiency of its economic, social, financial, institutional and other Subsystems (Angelov, 2005). Velev mentions that the company's competitiveness is its ability, through continuous renovation and improvement, to create and sustainably maintain competitive advantages leading to high business performance in the long term Plan (Velev, 2004, p. 15). According to Filipova opinion, in order to be competitive, companies in Bulgaria need to build their strategies on a completely new basis, based on new technologies, uniqueness of processes and products, satisfaction of all Consumer requirements and high quality of the products offered (Filipova, 2005, p. 53). Kirilov, examining issues related to the sustainable management of tourism, states that "... To make the destination competitive on the market should work to uncover all the elements that take it out at a level, starting from the reasons (the reasons) why tourists would take a trip to a

sustainable tourist destination and the appropriate visitor services that support tourism" (Kirilov, 2018, p. 247).

CONCLUSION

In modern conditions of intense economic and political transformations, a dynamically changing market environment, achieving the competitiveness of small and medium-sized enterprises is one of the strongest means of preserving and expanding existing successful positions, for financial stability, development and progress. An enterprise must hold a high collocation position on the products or services it creates so that it can be more forward than other companies in the same market. Innovation, technology and staff can contribute to better competitiveness. Market conditions require a new approach to solving the problem of company competitiveness-developing its own strategy for increasing competitiveness and stable economic growth.

The well-founded competitive strategy of the company predetermines the promising directions in its activities, determines the type of competitive advantages and provides resources for its realization.

Several main conclusions can be made on the topic:

First: Competition is the only tool for preserving the performance of different companies, stimulating the most active and capable of the market.

Second: Competitiveness is an economic category, appearing as an element of the conceptual apparatus, which determines the success of an enterprise in the market and its development.

Third: Competitiveness is a synergy between high-demand markets, companies – leaders and secret investments in human resources and capital.

Fourth: Competitiveness depends on the nature of the internal market, the state of the sectors, the production factors and the conditions for the development of companies in the country.

Fifth: Competitiveness has a dynamic, faceted and contradictory nature. It is always a comparative category, has the potential for intense sustainable growth.

Sixth: Competitiveness is a fundamental indicator, showing the opportunities for the economy to change – increases or fails, national productivity and competes with the regional and global markets.

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