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COMPETITIVENESS AS A CONDITION FOR THE FUNCTIONING OF COMPANIES IN THE MODERN ECONOMIC ENVIRONMENT

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The article deals with one of the most important issues – the problem of competitiveness in the telecommunications market and its improvement at the current stage. The process of globalization, which requires fierce competition between companies, and the implementation of certain measures aimed at improving the quality of products and expanding services, optimizing costs, increasing profits and improving competitive positions and factors in the telecommunications market, through the introduction of new technologies. The article analyzes the essence of competitiveness and its impact on the market, defines the entity that operates in the market and leads a competitive struggle, transfers the concept of competition to different levels, determines the determining factors and opportunities for the development of telecommunications companies in their market niche. Competitiveness should be a convenient and understandable way for business entities to function on the market and is aimed at ensuring the improvement of the efficiency of the industry where the enterprise operates. At the same time, telecommunication companies should create and develop a favorable internal economic environment to stabilize, stimulate the development of their business and introduce new technologies to expand their market positions. To study the level of competitiveness of the object, different assessment criteria should be used, which are the basis for calculating individual and group indicators. The article analyzes the measures that must be taken by leading companies in the telecommunications market to improve and maintain their competitive positions through innovative development and introduction of new technologies.

КОНКУРЕНТОЗДАТНІСТЬ ЯК УМОВА ФУНКЦІОНУВАННЯ КОМПАНІЙ В СУЧАСНОМУ ЕКОНОМІЧНОМУ СЕРЕДОВИЩІ

Трегубов І.О., Кушнір С.О.*Запорізький національний університет**Україна, 69000, м. Запоріжжя, вул. Жуковського, 66***Ключові слова:**конкуренція,
конкурентоздатність,
бізнес-організація,
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конкурентоздатності, інновації

У цій статті досліджено одне з найважливіших питань – проблему конкурентоздатності на ринку телекомунікацій та її удосконалення у на сучасному етапі. Процес глобалізації, який вимагає жорсткої конкуренції між компаніями, та запровадження певних заходів, спрямованих на підвищення якості продукції та розширення послуг, оптимізацію витрат, збільшення прибутку та покращення конкурентних позицій та факторів на телекомунікаційному ринку, шляхом впровадження нових технологій. У статті проаналізовано сутність конкурентоздатності та її вплив на ринок, дається визначення суб'єкта, який функціонує на ринку та веде конкурентну боротьбу, переноситься поняття конкуренції на різні рівні, визначаються визначальні фактори та можливості розвитку телекомунікаційних компаній в своїй ніші ринку. Конкурентоздатність має бути зручним та зрозумілим способом функціонування на ринку для суб'єктів господарювання та направлена на забезпечення підвищення ефективності у галузі, де

функціонує компанія. При цьому телекомунікаційні компанії мають створювати та розвивати сприятливе внутрішнє економічне середовище для стабілізації, стимулювання розвитку свого бізнесу та впроваджувати нові технології для розширення своїх позицій на ринку. Для дослідження рівня конкурентоздатності об'єкта повинні використовуватися різноманітні критерії оцінки, які лежать в основі розрахунку індивідуальних та групових показників. В статті проаналізовано заходи, які повинні бути вжиті на ринку телекомунікацій провідними компаніями для підвищення та утримання своїх конкурентних позицій за допомогою інноваційного розвитку та впровадження нових технологій.

Formulation of the problem

There is no doubt that competition is the main coordinating, motivating and organizational mechanism of the market economy, which is based on the rivalry of individual subjects of the market economy for the best conditions for the production and sale of goods and services, the opportunity to manage and maintain key positions in the markets. Internal competition occurs in various market areas between companies competing to increase competitiveness and occupy a significant market share. It is in connection with this that the competitiveness of companies becomes an important object of research, since it is not only financial issues, but also marketing, innovation, investment, etc. This confirms the relevance and economic nature of the competitiveness of companies and the need for deeper research into the essence of the concept itself.

Analysis of the latest research and publications on the problem under consideration

Theoretical approaches to the formation of the competitiveness of companies in the telecommunications market in the strategic dimension were reflected in the works of I. Bulak, S. Vorobienko, S. Usyk, S. Ponomarenko, E. Golubytska, E. Kuharenko, V. Granaturov, S. Vorobienko, O. Stepanenko, S. Tarakanovsky, M. Postolatii. The principles of sustainable development as the leading imperatives for the formation of the competitiveness of companies require a detailed study of competitiveness and the search for ways to increase it in the market.

Formulation of the goals of the article

Competitiveness is the basis of the functioning of companies, however, under the influence of various conditions, the problem of increasing it and researching priority directions in the market arises. The purpose of the article is to define the concept and methods of competitiveness of companies, including in the telecommunications market, to identify trends in their development and to analyze the problems that arise as a result of the formation of modern competition of companies in this market.

Presenting main material

Competitiveness is the ability of an enterprise or company to withstand competition compared to similar objects on the market. Actions and decisions taken within the company allow to produce a product that will compete with national and foreign companies. Internal efficiency reflects

its external component, because when a company rationally uses its financial, material and technical, human resources, has an effective management structure, etc., it usually creates products that meet the needs of the market and offers them to the market through a personal selling system [1]. According to the best industry researchers, the most important criteria for a company's competitiveness are market share and profitability. The positive dynamics of these long-term indicators indicate that the company's products are in demand and competitive in the industry in which the company operates, and is strengthening its position on the domestic and foreign markets. However, with a clear understanding of their core business objectives and competitive criteria, companies often do not know where to look for sources of growth, and do not investigate which factors will have a tangible effect and which effects should not be considered. completely. In addition, in the face of change, business leaders all too often respond to events that have already occurred with intuition or the most obvious short-term solutions. However, it will be much more effective to anticipate events that affect the business and develop a strategy in advance to respond to them by acting in advance.

It is generally accepted that the competitiveness of an enterprise is ensured by the presence of a certain competitive qualitative advantage [2]. The enterprise is competitive if all partners are competitive, otherwise it is impossible to obtain high-quality raw materials and materials at the most favorable prices on time, ensure effective sale of goods before the end of the sale period, etc.

Ensuring the competitiveness of the enterprise is the financial mechanism, which is a set of elements that regulate decision-making processes in the financial activities of the enterprise. For this mechanism to work effectively, each element must be in constant communication, each component is interconnected, safety is regulated by technical regulation, but the organization must understand that technical regulation does not give guaranteed competitive advantages, because the quality of the offered service is also important. because the client always has a choice and can choose a product on more favorable terms from similar companies. This shows that it is important for the company to constantly improve the quality of services and other parameters in order to maintain competitiveness in the market.

Let's highlight the following components of the enterprise's competitiveness (fig. 1).

So, in general, the competitiveness of the enterprise describes the efficiency of the activity, which is the result of the interaction of the enterprise with internal and external factors of the environment in modern business conditions.

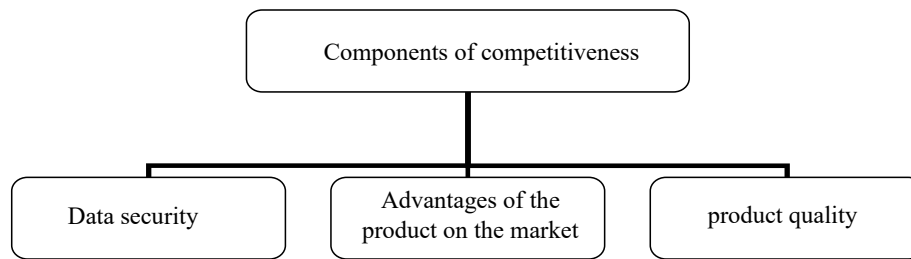


Fig. 1 – Components of competitiveness

Source: compiled based on [3].

The global market of telecommunication services – the speed of development of science, technology, mobile communication, Internet services and television – all this affects people’s living standards more and more every day.

Currently, the market of mobile communication services 2021 in Ukraine has developed rapidly. According to the results of recent years, the main players in the Ukrainian mobile media market are Kyivstar PJSC with a market share of 48%, Vodafone Ukraine 38%, Lifecell LLC 14%.

Activities in the field of communications are regulated by the Telecommunications and Informatization Regulatory Commission of Ukraine, which exercises powers in accordance with the Law of Ukraine “On Electronic Communications” [4].

To show the advantages and competitiveness of companies, a polygon created from the perspective of experts is used to graphically represent the advantages of competing companies. A polygon is created from elements formed by vectors that move in different directions from a point on the image. Individual key indicators such as service cost, coverage level, 4G quality, mobile communication capabilities, advertising, corporate social responsibility are presented in Table 1.

Based on the analysis of the assessment data, we will build a competitiveness polygon (Fig. 2). As you can see, PJSC “Kyivstar” is the largest competitive company not only in terms of the number of customers, but also in terms of other performance evaluation indicators.

Table 1 – Comparative assessment of the activities of the leading mobile communication companies of Ukraine

Indicators	Kyivstar	Vodafone	Lifecell
Services and their cost	8	10	8
Broadband coverage	10	8	8
4G Internet	9	7	8
Highly qualified communication operators	9	8	10
Advertising	10	10	7
Availability of service centers	9	9	7
Corporate social responsibility	10	6	5
Points	65	58	53

Source: created by the author based on [5]

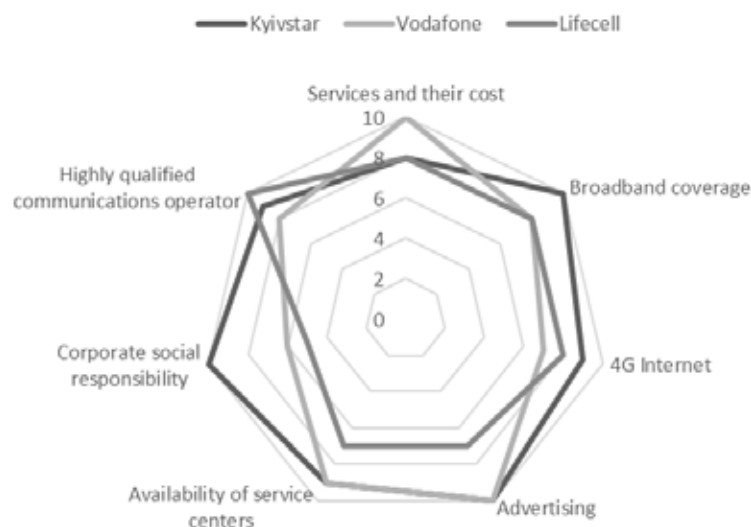


Fig. 2 – Polygon of competition in the market of telecommunication services

Source: created by the author

Companies on the market of telecommunications services are responsible and disciplined taxpayers who comply with Ukrainian legislation, technical standards, national and international recommendations in the field of telecommunications. Therefore, in order to determine the competitiveness of the three main competitors, PJSC “Kyivstar”, PJSC Vodafone Ukraine and LLC “Lifecell” in the field of telecommunications and Internet communication, in order to obtain an objective assessment of competitiveness, which involves a comparison of indicators, profits were taken and compared enterprises according to the main indicators (Table 2).

Based on the information provided, it can be said that Kyivstar PJSC is the undisputed leader in this field. This is also reflected in the positive improvement in turnover and revenue growth. At the same time, growth rates are higher than those of competitors, in 2021 Kyivstar’s revenue increased by 13% year-on-year, and for example, Lifecell LLC by 19%. A similar situation in 2021 at PJSC Vodafone Ukraine, the growth was 11%. The increase in prices for the provision of telecommunication services for the population and, in the future, the Ukrainian market will lead to the development of more advanced technologies, such as 5G, so the differences between these operators will only increase, and their implementation will require significant investments and financial power.

Based on the given data, it can be said that the goal of increasing competitiveness is the expansion of the enterprise’s sales market, increase of equity capital, and increase of investment resources. This method is the most common in the mobile communications market. Constant and high development of the innovative potential of the organization is expected from her. However, the risk of such actions should be taken into account in the complex competitive environment of the industry. Therefore, an effective way to increase the competitiveness of companies and conquer the market will be a growth strategy, cooperation with the main global leaders of communications for business development and the introduction of the latest technologies. If we take into account PJSC “Kyivstar”, then it has experience of this type of integration of VimpelCom Ltd. This market expansion strategy was successfully implemented by other domestic operators, such as Lifecell LLC and MTS Ukraine PJSC as part of Vodafone Ukraine PJSC. However, there are other ways to implement the growth strategy, which other operators working on the Ukrainian mobile communications market have not yet implemented. Therefore, the introduction of 5G technology should be considered a priority direction for the development of the innovative potential of companies in the market of telecommunication services. These innovations will contribute to the introduction of

digital television and radio broadcasting, the introduction of high-speed Internet, and the implementation of national programs of adaptation to global communication standards.

So far, no operator has implemented a 5G test mode. In general, this situation is not a positive factor for the country, but if you look at the interests of companies, then you can see a positive trend, since companies are in a free market and have the opportunity to bring technologies first to the domestic market, and then 5G to the foreign market, in order to monopolize time on compliance with the requirements. Therefore, the implementation of the development plan aimed at the implementation of the growth plan, which provides for the expansion of Internet services of telecommunications companies due to the introduction of 5G coverage, will be an effective way to increase competitiveness and expand the operator’s services on the market, as one of the first of this technology.

According to the results of this study, from 2016 to 2021, the number of mobile Internet users worldwide will increase by more than 10% of the potential number of users (Figure 3). Since these statistics are influenced by developing countries, which are not always covered and cannot always use services, it can be assumed that this figure is higher in European countries.

Another point is that companies should expand their network infrastructure. In order to implement and adapt existing networks to the new 5G standard. It is expected to replace the LTE standard in the coming years. Researchers have identified the advantages of the new standard, so this technique will undoubtedly be adopted. Accordingly, sooner or later companies will begin to adapt to the new standards, and companies will be more competitive.

In general, innovation plays an important role in consumer and economic development. Current research and projections provide the following indicators, which are shown in Figure 4.

The chart shows a clear market growth trend that demonstrates the importance of working with big data. This trend also applies to future forecasts and suggests that it is important to recommend the division of innovation activity into structural divisions with different capabilities. Accordingly, other innovative projects appear, such as the Internet of Things. This is an important point for companies and is a factor that changes the number of consumers, the load on the network and services.

Conclusions

At the enterprise level, competitiveness refers primarily to the ability of companies to learn, adapt quickly to market conditions, and innovate. On a national scale, competitiveness can be considered as a means of raising the standard of living in conditions of optimal use of limited

Table 2 – Analysis of the activities of competitive companies

Companies	Income		Profit	
	2020	2021	2020	2021
PJSC “Kyivstar”	25 001 245	28 559 150	10 369 859	11 266 926
PJSC Vodafone Ukraine	17 292 036	19 358 958	13 145 435	3 936 033
“Lifecell” LLC.	6 835 816	8 482 687	–	–

Source: compiled based on [6; 7; 8]

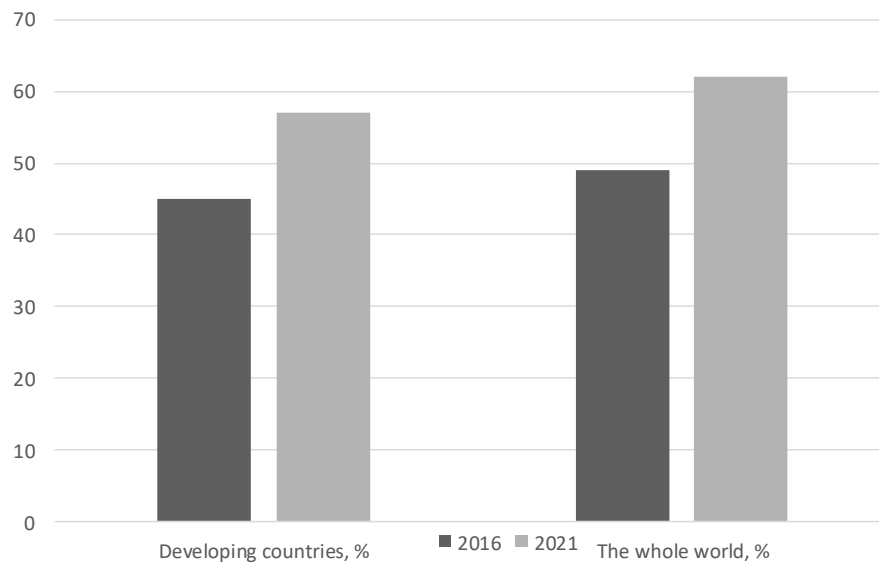


Fig. 3 – Growth of mobile Internet users during 2016–2021

Source: created by the author based on [9]

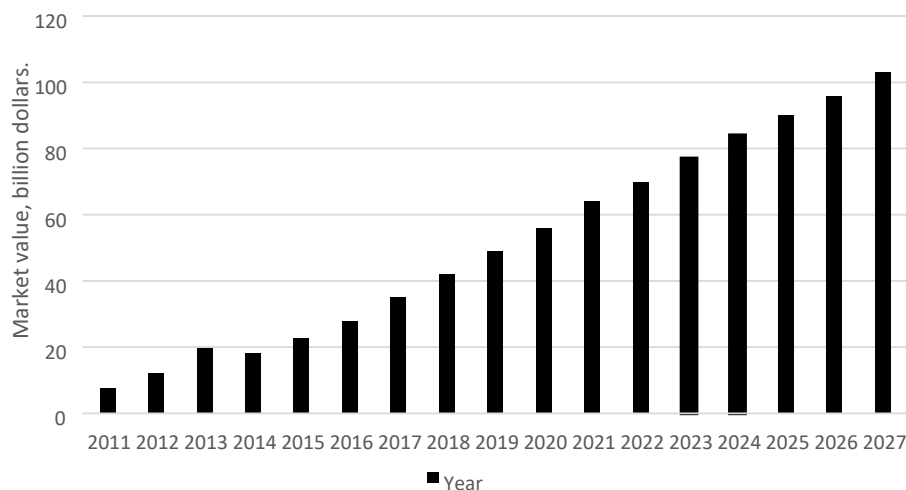


Fig. 4 – Internet data usage forecast

Source: Created by the author based on [10]

resources. Restrictive competition rules and legislative norms have a negative impact on competitiveness, as they lead, first of all, to a slowdown in the process of technological modernization. On the other hand, national competition rules harmonized with Community rules can have a positive effect by creating fair market conditions for all economic operators.

The existence of a strong competitive environment, which encourages efficient companies at the expense of inefficient ones, can represent an incentive for competitiveness through the following three levers: ensuring the efficient allocation of resources; encouraging companies to effectively organize their activities; growth of innovative activity. The more open markets are to competition, the more visible are the advantages of competitiveness.

Therefore, in order to increase the competitiveness of telecommunications companies, the main ways

of implementing the “innovation implementation” strategy were investigated, as a result of which it was determined that the optimal option for all companies on the market would be a combination of elements of the innovation implementation strategy, since for the mobile communications market, which is characterized by a dynamic technological development, it is unacceptable to be guided by the principles of a sustainable strategy for a long time, because at a certain stage this will lead to a decrease in the company’s competitiveness, so it is advisable to switch to the principles of the strategy of introducing innovations over time. Having outlined all the obstacles specific to the mobile communications market and their alternative solutions, operators will be able to increase their competitiveness through the implementation of the new generation 5G communication as the most optimal way to improve the companies’ activities.

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