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The transformation of modern scientific paradigm requires the adaptation of traditional theories of the firm competitiveness to new economic conditions. The aim of the study is to develop conceptual principles of enterprise's competitiveness management, which are based on the definition of this term and includes a system of principles, functions, models and management mechanism. Formation of the concept involves the use of systematic approach to research. Principles of management by enterprise's competitiveness are allocated based on purpose of management, managed, managing systems and their interaction. Functions are determined by following stages: achieving the goals, developing of management system, aims to ensure competitiveness, characteristic of administrative actions. Model of control the competitiveness reflects the flows of management information and control system (administration unit) and manageable (economic process of the enterprise). Control mechanism includes appropriate methods (economic and psychological), levers (price, quality, brand, branding, logo, motto) and incentives (economic, moral, administrative, creative).

*Keywords: competitiveness of enterprises, functional model of competitiveness management, management functions, management mechanism of competitiveness, management principles.*

*JEL Codes: D40, L26, B41.*

## **1. Introduction**

In today's environment it is generally accepted fact that the success of the company is largely determined by its level of competitiveness. Since the level of indicators, which underlies in the country's competitiveness (in particular the degree of business development), is determined at the micro level, increasing of national rating within the world space requires formation of competitive status of businesses in global markets. In this context there is an extremely urgent problem of development of modern scientific theory of the formation of competitiveness of enterprises, the foundation of which is the management concept of enterprise competitiveness.

Among the founders of the theory of installation the competitive advantages of enterprises we must first allocate M. Porter (the theory of competitive advantages) (Porter, 1985), G. Hamel and Prahalad K. (the theory of feature advantages) (Prahalad, 2002), J. Robinson (the theory of price competitive) (Robinson, 1986), E. Chamberlin (the theory of monopolistic competition) (Chamberlyn, 1996) and others, whose researches are devoted to revealing the sources of competitive advantages of the firm, as well as the development of methods for their sustenance. An important

contribution into the development of the competitive advantages theory belongs to J. Barney, R. Grant and R. Amit, D. Teece and others (resource theory) (Barney, 1991; Grant, 1991; Amit, 1993; Teece, 1997); F. Moore (the concept of co-evolutionary development of the company) (Moore, 1993); A. Brandenburger and B. Nalebuff (co-ompetition theory) (Brandenburger, 1996).

The aim of the study is to develop conceptual principles of enterprise's competitiveness management. The main tasks of the research are: 1) to identify the components of concepts of management of enterprise competitiveness; 2) to describe each of the components of the concept.

## **2. Methods of the research**

The term "concept" is used in two ways: as a leading idea and as a scientific theory (Novikov, 2011). Conceptual idea is a brief formulation of the essence of the results of scientific generalizations about the object of research. Instead, the concept of theory reflects a detailed description of the structural elements of the conceptual ideas, clear list of which currently does not formulated (Novikov, 2011). The components of management concepts of competitiveness includes: 1) the conceptual framework of the management theory of enterprise's competitiveness as its conceptual idea; 2) the system principles of competitiveness of enterprises; 3) the system of management functions competitiveness of enterprises; 4) a management model based on compliance with the management principles; 5) management mechanism of competitiveness of business entities.

The methodological basis of the study was a system approach and position of economic cybernetics, which are based on the systematic, aim orientation, synergy and hierarchy principles.

## **3. Results of research**

Management of enterprise's competitiveness is an activity, which involves the formation and sustenance of the competitive advantages, due to the influence on the economic process of the enterprise in order to ensure its competitiveness under the condition to keep at a sufficient level and to increase economic efficiency. Management principles of competitiveness are the rules which management process should correspond. The basis of management principles systematization is advisable to use their classification which depends on the element of management. These elements includes managed system, managing system – the object system – and the process of their interrelation, the aim of management, process of providing the relationship between objects and subjects of management. According to this definition, controlled management system of enterprise's competitiveness is its economic process. Management principles in the context of the influence on the system concern the need to provide the system features of the process of economic enterprise, namely: emergence (forming in the system properties, which are not typical for its individual com-

ponents), equipotential (the system has its own structure and at the same time is a subsystem of a higher level), synergism (the effective functioning of the system is higher than the total efficiency of the isolated operation of its components), homeostatic (the ability to operate for long periods without significant loss of efficiency), targeted activity (existence of general goal of functioning systems).

To universal principles, concerning the characteristics of staff and interaction of managers and performers, were include the principles of parity powers, organizational responsibility and incentives; initiative. A number of management principles concerns the process of setting goals. Particular management goal must be clear, it is impossible without its quantitative expression. Besides, it should be achievable. Also it is important in the governance process to stick to the principles of profitability and effectiveness. So the benefits of management activities should exceed the costs, but results of realization of management decisions should provide the effectiveness of management of the company.

As for the organization of interaction between the management and control system, the economic cybernetics among the basic principles of management distinguish the principles of feedback of information outline (Kravchenko, 1974). According to this, it is necessary to provide a continuous flow of information under such information loop: information about the object management (before the management decision) is directed to the subject of management, which on its basis decides the change of controlled system; after implementation of decision, information about the new condition of controlled object is transmitted back to the subject of management.

Also, the principle of diversity the controlled system is referred to the principles of interaction the object and the subject of management (the law of necessary variety by William Ashby). According to this principle, the more difficult is the control system, the harder is management system (Ashby, 1959). Difficulty of formation the management system with the same variety as the economic process of the enterprise makes necessary to create the management subsystems, which would solve the limited range of tasks and would be relatively independent. So you must stick to the principle of decomposition of control system by agreement its structure with the structure of the controlled system. Since the economic process as a system has hierarchical structure, the control system also might follow the principle of hierarchy. Partly the necessary variety of management system can be replenished by automating the management.

Information is the foundation of management, to which there are the demands such as objectivity and reliability. The principle of objectivity and reliability of information should respond to any period of described above information loop. As for the aim of management, it must be clear and understandable, it is impossible without quantitative expression of targets. In addition, it is necessary to reach the goal. Besides, it is necessary to reach the goal. Thus, the principles of competitiveness of enterprises belong to the principle of conservation the system properties of controlled system; of clarity, reaching the set goals, efficiency and effectiveness; parity of authority, organizational responsibility and incentives, initiative; feedback of infor-

mation loop control system diversity, hierarchy, decomposition, reliability and objectivity of the information.

The next element of the competitiveness of enterprise management concept is its function. The term "management functions" was first used by French engineer A. Faiola, and four basic functions: planning, motivation, coordination (organization) and control. The selected functions are identical subprocesses of management, and systematization of these functions is carried out depending on the stage of the process of achieving management objectives. However, this grouping is limited. In general, classification is required for the construction of complete logical structure of the object of study – management of enterprise's competitiveness (Novikov, 2011).

Allocating additional group features is caused by the necessity of perception of management of competitiveness not only as a set of actions (stages) to achieve the goal, but as a way of achieving different content goals (ensuring stability of achieved results, the development of the enterprise and its evolution) as a self-sufficient system (planning, implementation of management mechanism and its evolution), and also as various activity by organizational characteristics (organizational functions – planning, motivation, management of organization, warning – control).

Another element of management concepts of competitiveness is structurally functional model of governance, which should reflect elements (components) of management competitiveness as a system and the links between them. Management of competitiveness is defined as an activity which consists of the set of coherent and interrelated activities. There is a model of "black box" in the basis of management in cybernetics, which involves the transformation of inputs resources into output results.

Competitiveness of enterprises is formed within its process management, and competitive advantages are the results of the integration of resources and capabilities. The last are created by a combination of resources. Accordingly, the entrance of system of the economic process as the controlled system of management of competitiveness are primary resources – natural and labour. Output results of activity of enterprise includes its competitiveness and efficiency. Output signals depend on features of the structural elements of the economic process and their interactions. The spheres of resource supply, production and marketing of products belong to them. Separate competitive advantages are formed within determined spheres.

In general, a functional model of competitiveness management should consider its following key characteristics: 1) the flow of management information and closed information loop; 2) the model of the "black box" economic process of enterprises; 3) the main sources of external influence on the process of forming the competitiveness of governing subjects and objects of their influence (Figure 1).

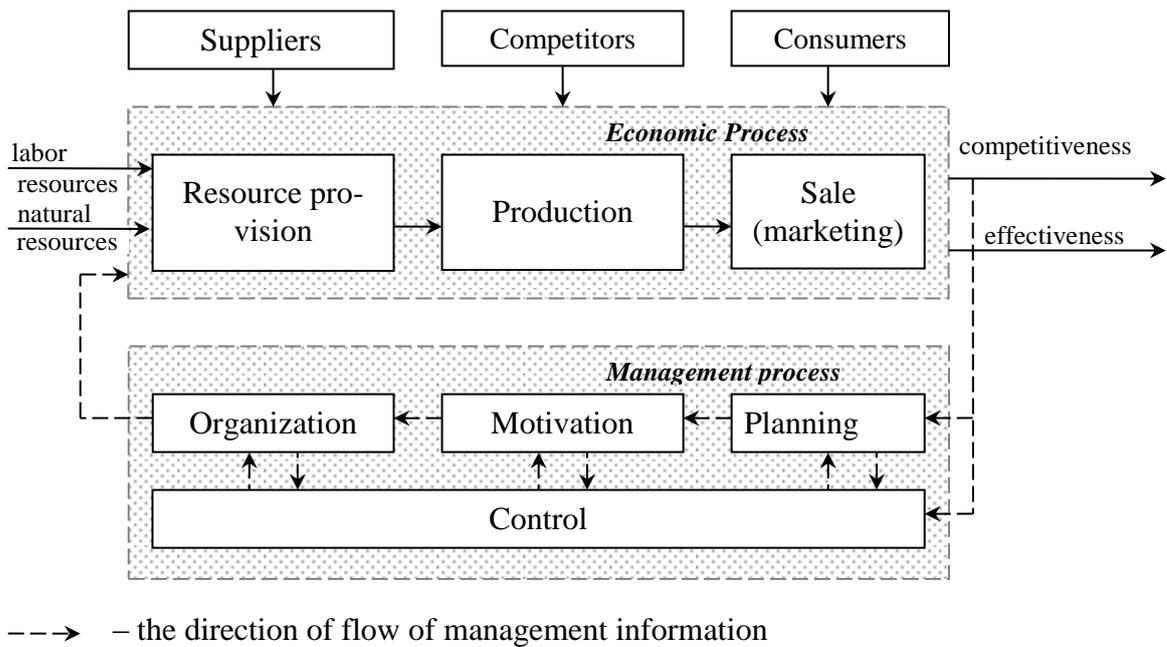


Fig. 1. Functional model of the enterprise's competitiveness management process

However, the process approach to the description of the content of management competitiveness makes it impossible to transfer its meaning fully. Management as a process of reflects only phased of making actions for the reaching of particular purpose. Instead, the question is in which way and with the help of which mechanisms it is achieved, remains unsolved. Therefore, the allocated above the respective concepts must be supplemented by control gear of competitiveness. The components of the controlled mechanism are the tools for achieving this goal, which should include: 1) possible ways of influence on the controlled system (methods of management); 2) means of influence on a managed system (levers); 3) means, which motivate subjects of management to the actions to achieve management objectives (incentives). Considering this mechanism of competitiveness management company, it is a system of methods, levers and incentives, which are used to implement the formation and retention the competitive advantages through the implementation of influence on the economic process of the enterprise, in order to ensure its competitiveness under the condition of keeping at a sufficient level or increase the efficiency of management.

Management tools should systematize by the certain classification features. In the basis of distribution methods of management of the competitiveness it is suggested to put object, which is aimed to managerial influences. These objects include product characteristics, as well as directly the consumers. By the identified criteria, methods of managing of the competitiveness are distributed into economic (price and quality of products) and psychological (mind consumers). Economic methods provide the implementation of measures, which are aimed at creating competitive advantage concerning the price and the quality of goods. These measures may concern changes at any stage of the operating cycle of enterprise from the resource provision directly to sales. Psychological methods of managing the competitiveness are connected with

the formation in consciousness of consumers a unique image (stereotype) of goods, firm, brand.

Levers of management of competitiveness are the characteristic of the enterprise's activity, a change, which provides the increase of the level of its competitiveness. Mentioned above tools act within the economic method - price and quality (both goods, and its distribution), and psychological limits - such as levers brand, branding, logo and motto.

Incentives within the management of competitiveness are the tools, which encourage the staff to manage with competitiveness and continuously improve this process. In order to provide the maximum return of the use of appropriate incentive instruments, they should be classified according to two criteria: depending on the motives of activity (economic, administrative, moral, creative); depending on the nature of influence (reward, punishment). Figure 2 presents the structure of competitiveness management concept.

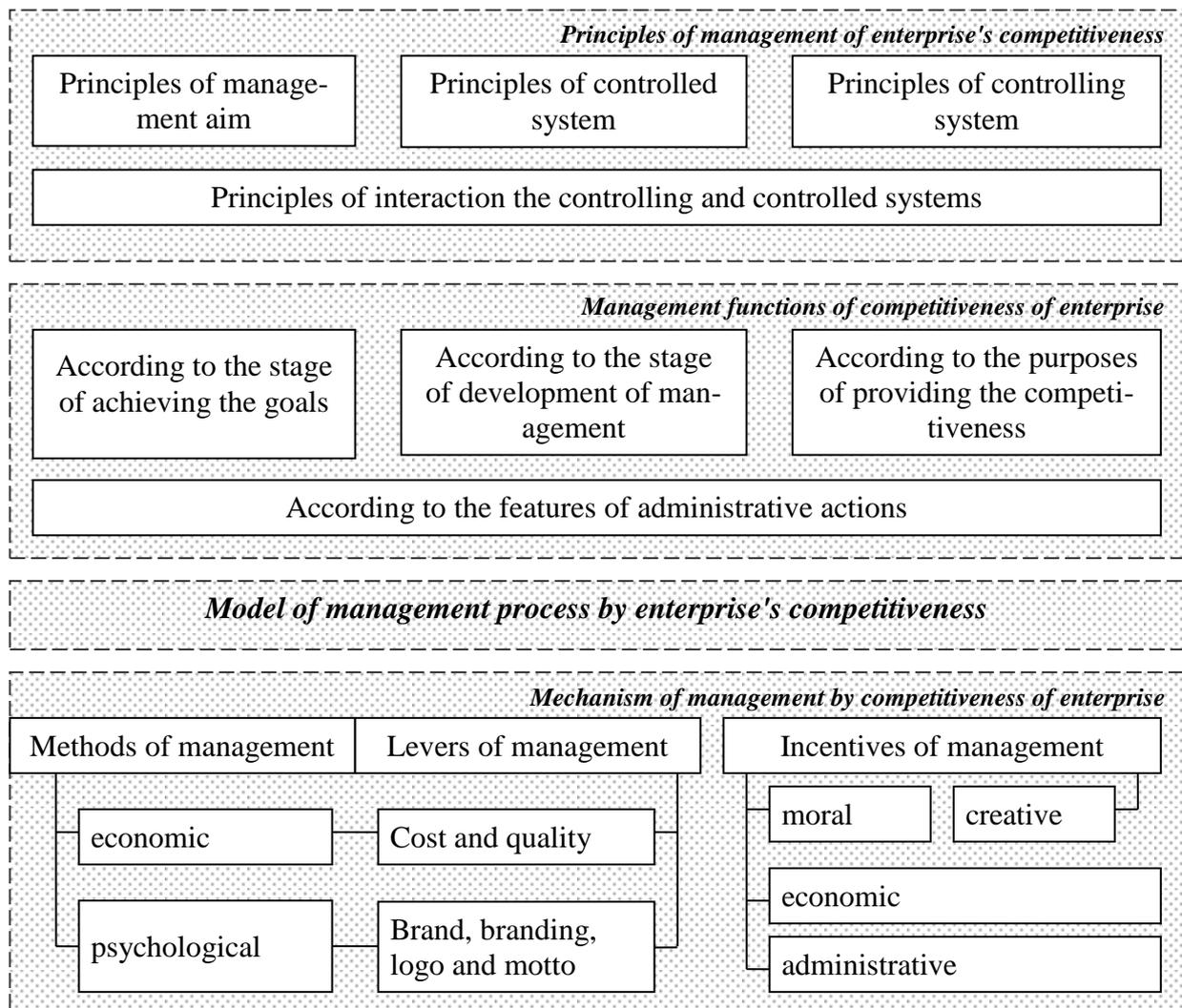


Fig. 2. The concept of management competitiveness of the enterprise

In general, the suggested concept of management of enterprise's competitiveness reflects: 1) who carries out management competitiveness and what purpose with; 2) requirements (rules) which must be followed in the management of competitiveness; 3) the sequence of management actions; 4) with the help of what instruments the enterprise's competitiveness is made.

#### **4. Conclusions**

1. The aim of the study is to develop conceptual principles of enterprise's competitiveness management. The concept of enterprise's competitiveness involves the formation of the principles, functions, functional model and mechanism of managing competitiveness. In the conceptual idea of enterprise competitiveness management there is the definition of the term as an activity that involves the formation and keeping competitive advantages through the implementation of influence on the economic process of company in order to ensure its competitiveness under certain conditions at a sufficient level and increase the economic efficiency.

2. Principles of management of enterprise's competitiveness are grouped within management aims, managed and managing systems and their interrelation.

3. The system of management functions of competitiveness of enterprise is based on their classification, depending on the stages of management (planning, motivation, organization, control), the content goals (ensuring stability of achieved results, the development of the enterprise and its evolution), stages of development of management system (planning, implementation of management mechanism and its evolution) depending on the organizational characteristics of the actions (organizational functions – planning, motivation, organization management, warning – control).

4. Functional model of management enterprise's competitiveness takes into account the principle of closed loop of management of information from the controlling to controlled system and the corresponding targeted actions on process of transformation the input resources into economic results of the process – the competitiveness and efficiency.

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## **ĮMONIŲ KONKURENCINGUMO PAGRINDINIAI PRINCIPAI**

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### **Santrauka**

Paradigmų kaita reikalauja pritaikyti tradicines įmonių konkurencingumo teorijas prie šiuolaikinės ekonomikos sąlygų. Šio straipsnio tikslas – atskleisti įmonių konkurencingumo valdymo pagrindinius principus, paremtus sąvokos apibrėžimu ir sudarančius principų, funkcijų, modelių ir valdymo mechanizmo sistemą. Sąvokos formavimas apima sisteminio požiūrio į mokslinius tyrimus panaudojimą. Valdymo principai yra pagrįsti valdymo tikslais, valdančia, pavaldžia sistema ir jų tarpusavio ryšiais. Funkcijos nustatytos pagal šiuos etapus: tikslų pasiekimas, valdymo sistemos formavimas, tikslų, užtikrinančių konkurencingumą, formavimas, administravimo veiksmų savybių formavimas. Konkurencingumo kontrolės modelis parodo valdymo informacijos srautus, kontrolės sistemą. Kontrolės mechanizmas apima atitinkamus metodus (ekonominiai ir psichologiniai), sverčius (kaina, kiekis, prekės ženklas ir jo kūrimas, logotipas, devizas) ir paskatas (ekonominės, moralinės, administracinės, kūrybinės).

*Reikšminiai žodžiai: įmonių konkurencingumas, konkurencingumo valdymo funkcinis modelis, valdymo funkcijos, konkurencingumo valdymo mechanizmas, valdymo principai.*

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