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DUGINETS Ganna

Doctor of Sciences (Economics), Professor,
 Head of the World Economy Department
 Kyiv National University of Trade and Economics
 19, Kyoto str., Kyiv, 02156, Ukraine

E-mail: g.duginets@knute.edu.ua

ORCID: 0000-0003-3708-3666

KOLESNYKOVA Olena

Bachelor degree (International economics)
 Kyiv National University of Trade and Economics
 19, Kyoto str., Kyiv, 02156, Ukraine

E-mail: elena37000@gmail.com

ORCID: 0000-0002-7702-0275

COMPETITIVE STRATEGIES OF COMPANIES IN THE FOREIGN MARKET

The types and key features of competitive strategies, the process of forming a competitive strategy of enterprises and the main ways to increase the competitiveness of enterprises in foreign markets are substantiated. The competitive positions of Ukrainian companies were studied and the importance of competitive strategies for sustainable enterprise development, high profitability and competitiveness in modern markets of goods and services was analyzed. The mechanism of improving the competitive position of Ukrainian companies in foreign markets is determined.

Keywords: competitiveness, competitive advantage, competitive strategy, enterprise, foreign economic activity, market.

Background. In the context of the process of globalization and internationalization of the economic system, the problem of ensuring high competitiveness of the enterprise comes to the fore. Any business has to show considerable set of efforts and possess a clear strategic vision in order to stay afloat and keep or expand the market share. Only competitiveness guarantees the survival of the producer in the domestic and foreign markets, because economies and markets are overflowed with different goods and services.

The strengthening of competition is accompanied by the emergence of a numerous competing enterprises both in domestic and foreign markets, and increasing market requirements, which forces companies to constantly develop its potential, to look for possible ways of increasing the level of competitiveness by creating new competitive advantages, to search for fundamentally new and more effective strategies and to implement inventive ways of attracting clients, increasing profits and keeping the market share.

The process of assessing the competitiveness of the enterprise reveals the strengths and weaknesses of its activities, hidden opportunities and potential threats, which ultimately makes it possible to effectively plan and develop activities based on competitive advantages.

The high level of competitiveness of the enterprise testifies to the efficiency of its economic activity, high quality of its products and adequate pricing policy, great trust and loyalty of consumers, flexibility in adapting to changes in the operating environment, and at the same time, is one of the defining characteristics of its further development.

The issue of competitiveness of Ukrainian enterprises in the international market requires a high priority and constant attention among the many problems facing Ukraine in the context of its comprehensive international integration.

This makes the problem of assessing the level of competitiveness extremely relevant and predetermines the need to search for ways to form competitive advantages of the enterprise and implementation of effective competitive strategies for Ukrainian companies.

Analysis of recent research and publications. The general theoretical and practical aspects of competitiveness assessment and development of competitive strategy are quite fully developed and covered in the scientific publications of many foreign and domestic scientists. In particular, the research of such scientists as S. Korinnyi and A. Holianchuk is devoted to the main types of competitive strategies and key factors that make these strategies successful with examples of companies that use them [1]. O. Pashchenko in her study of the features of formation of competitive advantages of enterprises has developed a model of strategic management of enterprise development based on the formation of competitive advantages [2]. A. Khanenko studied various methods of assessing the competitiveness of the enterprise, their advantages and disadvantages [3]. V. Sabadash, P. Stauvermann and R. Peleshchenko identified the priority tasks for improving the competitive position of Ukrainian companies in foreign markets [4]. And U. Braendle, Ya. Mozghovyi, and K. Huryna provided a general research on sustainability risks that occur when companies aspire to reach maximum competitive advantage and gain competitive benefits compared to their rivals [5].

However, it should be noted that in the ever-changing environment, companies face new challenges and problems that need to be addressed, and in modern conditions of increasing competition and oversaturation of markets with goods and services, they require continuous clarification and development.

The **aim** of this article is to analyze the features of formation of competitive strategies of Ukrainian companies and to justify the problems and study the prospects of increasing the competitiveness of Ukrainian companies in the foreign market.

Materials and methods. The scientific basis of the research was revealed from the scientific publications of domestic and foreign scholars along with the data of the Doing Business and Economic Freedom Indexes. The study uses a complex of complementary methods of scientific identification of economic processes and phenomena: the system-structural, comparative and statistical analysis. The information base of the research is formed by statistical and analytical materials and informational and

analytical collections, bulletins and reviews, made public by such sources as the Organization for Economic Cooperation and Development, World Bank Group, European Bureau of Statistics, Ukrainian and foreign research centers, factual information provided by state authorities, a wide range of domestic and foreign literary sources, and results of own research.

Results. There are many different interpretations of the term «competitiveness» in domestic and foreign literature. International organizations also give different interpretations of this term.

For example, according to the OECD's interpretation, competitiveness is a measure of a country's advantage or disadvantage in selling its products in international markets. OECD also defines competitiveness as the ability of a country (region, location) to deliver the beyond-GDP goals for its citizens today and tomorrow [6].

European Union defines a competitiveness as a pre-requisite in achieving the goals of a smart, sustainable and inclusive economy, delivering high levels of employment, productivity and social cohesion [7]. One of the EU's key political priorities is competitive economy which is defined as an economy with a sustained high rate of productivity growth.

According to the UNCTAD [8], national competitiveness basically involves building public-private partnerships for the purpose of promoting exports and economic development.

The World Economic Forum treats competitiveness as the set of institutions, policies, and factors that determine the level of productivity of a country, which, in turn, sets the sustainable level of prosperity that can be earned by an economy. The productivity level also determines the rates of return obtained by investments in an economy, which in turn are the fundamental drivers of its growth rates. In other words, a more competitive economy is one that is likely to grow faster over time [9].

The World Economic Forum also defines 12 pillars of national competitiveness such as: Institutions, Infrastructure, ICT adoption, Macroeconomic stability, Health, Skills, Product market, Labor market, Financial system, Market size, Business dynamism, and Innovation capability. All of these pillars are in dependence, they tend to reinforce each other and a weakness in one area often has a negative impact in others [9].

The above-mentioned analysis of the definitions of the category «competitiveness» allows us to determine that competitiveness is a complex term and it depends on many factors. And, of course, national competitiveness depends significantly on the competitiveness of national companies. After all, the greater is the number of domestic producers represented on the international market, the higher is the recognition of the country as a whole. High competitiveness of enterprises increases consumer confidence in the goods and services of a particular country, resulting in increased national competitiveness.

Thus, on the basis of the above mentioned information, we would like to formulate our own definition of the analyzed category: the company's

competitiveness is its ability (now and in the future) to form and effectively use a set of skills and knowledge in order to create an attractive product for consumers, outrunning existing and potential competitors. In other words, the competitiveness is the company's ability to create and sell goods and services at prices, quality, and other characteristics that are more attractive to consumers than the corresponding characteristics offered by the competitors.

Thus, we can conclude that the competitiveness of domestic companies is extremely important for the competitiveness of the whole country. However, in our time, when international markets are represented by many different companies that offer a wide range of goods and services, the competition is quite high and many companies find it difficult to go out and stay in the international market.

To build a successful business in such a competitive environment, the company should thoroughly analyze its competitors' strengths, weaknesses, and advantages, take into account possible threats, research the needs, problems, and preferences of its potential clients to cope with this task. And, of course, every company needs a successful competitive strategy.

A competitive strategy may be defined as a long-term plan of action, developed by the company in order to achieve a competitive advantage over its competitors after examining the strengths and weaknesses of the latter and comparing them to its own. The strategy may include actions to counter competitive pressure in the market, attract customers and help strengthen the company's position in the market.

Harvard professor Michael Porter coined the phrase «generic competitive strategy» in his book, *Competitive Advantage: Creating and Sustaining Superior Performance*. Since the writing of his book, the phrase has become known in business circles as one of the primary methods of business planning and strategizing for businesses across all industries. The Generic Competitive Strategy (GCS) is a methodology designed to provide companies with a strategic plan to compete and gain an advantage within the marketplace [10].

According to Porter, the company can use its strengths to position itself in a competitive environment. The strengths of a company can be classified into two categories: cost advantages or differentiation advantages. Within these two categories, there are two options for the scope of the company: broad and narrow. As a result, there are three competitive strategies that can be applied in any industry or business.

GCS is based on three generic strategies: cost leadership, differentiation, and focus. Each strategy has a different mechanism for reaching success. Companies within the same industry may not choose the same strategy – it is a choice that must be made with the company's management, based on the desired outcome for success and the company's strengths. Each strategy has unique components that shape the company [10].

If a firm is targeting customers in most or all segments of an industry based on offering the lowest price, it is following a *cost leadership strategy*.

The goal of a cost leadership strategy is to gain a competitive advantage by manufacturing quality products at much lower cost. Cost leadership is usually achieved through high productivity, lower administrative and marketing costs. In a cost leadership strategy, the concentration is on acquiring quality raw materials at the lowest price and using the best labor in order to create a valuable product for the consumer. Thus, this strategy is especially beneficial if the market is one where price is an important factor.

If a firm is targeting customers in most or all segments based on attributes other than price (for example, via higher product quality or service), it is pursuing a *differentiation strategy*. This strategy aims at developing a competitive advantage by producing a unique product or service – i.e. a product or service that is somewhat different from what competitors offer. The company can produce a unique product by adding innovative features, providing a high-quality product or increasing its functionality. For this, a company may have to spend a lot of money for research and development, so the uniqueness of the product must only be a feature that a customer is willing to pay a premium price for. A company that focuses on differentiation may be disappointed to realize that their market share is constantly changing and has many risks. But a successful differentiation strategy can reduce price sensitivity and improve brand loyalty from customers.

If a firm is focusing on one or a few segments, it is following a *focus strategy*. A company can adopt a focus strategy in the case when focusing on a specific market segment is more efficient and profitable for it. This strategy involves the adaptation of goods and services for specific segments of consumers while excluding other segments. Due to the fact that the company that chooses a focus strategy deals exclusively with its customer base, there is a development a loyal relationship, which in the future can generate sales and profits. There are two variants of the focus strategy. In cost focus, the aim of the business is to have an advantage over its competitors with respect to cost in its target segment. A differentiation focus strategy identifies the special needs of consumers in specific segments and seeks differentiation by marketing its product as unique in certain respects.

Of course, there are many types of competitive strategies, both traditional and innovative. However, Porter's three aforementioned strategies are considered fundamental to competition.

The competitive strategy is certain set of actions, a program of realization of the basic directions of company's development on the basis of formation of its long-term goals, and the choice of the most effective ways of their achievement for effective use of company's potential in changing environmental conditions.

The main stages in the process of the competitive strategy development are the following:

- Determining the position of the enterprise on the market. Competitive strategy is developed in the context of company's position on the market. It depends on company's reputation, age, customer loyalty and other determinants.

- Identification of the strategic goal of the organization. Every company needs to have its own vision, mission and goals. Because a company's success depends on having a solid vision for the future and doing everything in order to achieve its goals.

- Research of internal and external factors, target markets and competitive environment. Research is perhaps the most important step towards achieving a sustainable competitive advantage. It offers a firm the opportunity to understand how it is, or could be, different from competitors in ways that are meaningful to firm's potential clients.

There are two types of research of relevance here. The *first* is research on firm's target markets. This allows to better understand their needs and identify their desires. The data obtained will help to understand what is an advantage to this audience. A well-designed study can also help to choose among possible target markets.

The *second* type of research addresses firm's competitive environment. For example, Michael Porter defines so called Porter's five forces analysis that is a framework that attempts to analyze the level of competition within an industry and business strategy development. Porter's five forces include – three forces from «horizontal» competition: the threat of substitute products or services, the threat of established rivals, and the threat of new entrants; and two forces from «vertical» competition: the bargaining power of suppliers and the bargaining power of customers [11].

- Identifying current or potential sources of competitive advantage. When a company has a clear view of its strength and weaknesses, knows about its consumers and competitors and has its own vision and goals, it is time to identify what are the source of its competitive advantage. In fact, competitive advantage is one of the crucial factors that distinguish a successful company from an unsuccessful one. The most common sources of competitive advantage are: high product quality, low price, high-level service, improved technology and innovation, strong research and development capabilities, low cost or high-volume production and others.

- Selection of the key competitive strategy.
- Develop an implementation plan. For businesses, an implementation plan plays a crucial role in the development and execution of an idea, project, methodology, or strategy. The goal of the implementation plan is to effectively implement company strategy and lay down the step-by-step process of bringing the project to success.

Nowadays, Ukrainian manufacturers are offering high-quality goods and services and are able to compete in international markets. Ukrainian companies are confidently strengthening their positions in the international market by increasing production and export potential and expanding their investment opportunities in a strong competitive environment. And an effective and successful competitive strategy can improve the company's competitiveness, improve the quality of manufactured products and services, and can lead to the diversification of goods and services.

But, besides competitive strategy, a great impact on enterprise competitiveness have a lot of internal and external factors. And one of them is how easy, profitable and safe it is to do business in a particular country.

According to the Doing Business 2020 – the project which provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level – Ukraine gained rank 64/190 (*Figure 1*).

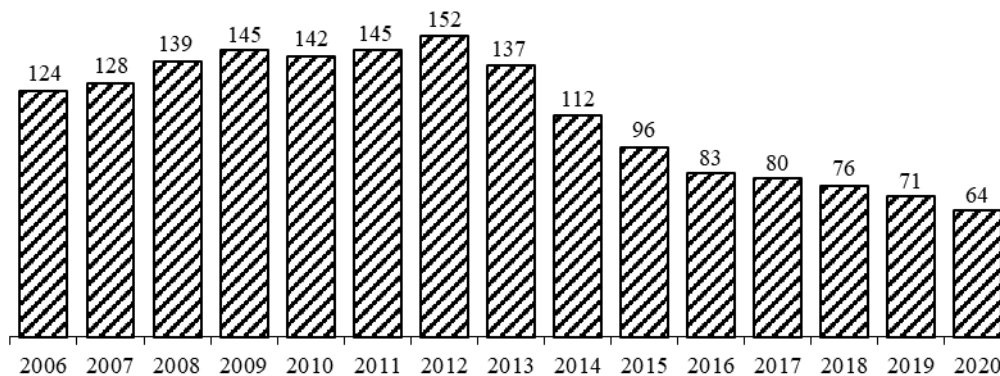


Figure 1. Ukraine in the Doing Business ranking, during 2006–2020

Source: created by the authors on the basis of [12].

Since the beginning of the rating calculation in 2006, Ukraine has not been in the best positions. In 2012, Ukraine had the lowest position, ranking 152 out of 183. Only since 2015, the country has been able to get into the top 100. Since that year, Ukraine’s position in the ranking has begun to strengthen. The current result is not bad, but not the best, even in the post-Soviet countries. For example, Georgia is in the 7th place, Lithuania – 11th, Estonia – 18th, Latvia – 19th, Kazakhstan – 25th, Russian Federation – 28th, Azerbaijan – 34th, Armenia – 47th, Moldova – 48th, Belarus – 49th [12]. This means that through the last years doing business in Ukraine became easier but at a very slow pace.

According to the World Bank, positive changes relate to six out of ten indicators of Ukraine (*Figure 2*).

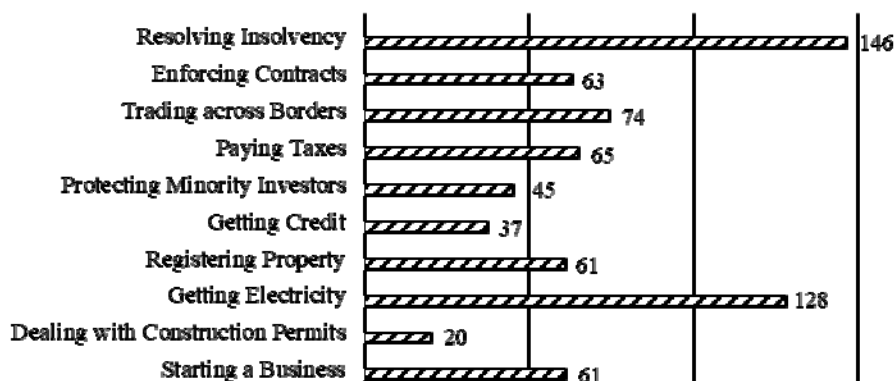


Figure 2. Rankings on Doing Business 2020 topics – Ukraine

Source: created by authors on the basis of [12].

There were positive changes of such indicators as: dealing with constructions permits, getting electricity, registering property, getting credit, protecting minority investors, and trading across borders. All changes with explanation are written in the table below (*table*).

Table

Positive changes in Doing Business in Ukraine

Positive changes	Explanation
Dealing with construction permits	Ukraine streamlined the dealing with construction permits process by eliminating the requirement to hire an external supervisor and introducing an online notification system. Ukraine also made obtaining a construction permit less costly by reducing the contribution fee to the Kyiv City Council.
Getting electricity	Ukraine made getting electricity easier by streamlining the issuance of technical conditions and by implementing a geographic information system. Ukraine also improved the reliability of power supply by introducing an outage compensation mechanism.
Registering property	Ukraine made registering property easier by increasing the transparency of the land administration system
Protecting minority investors	Ukraine strengthened minority investor protections by requiring greater disclosure of transactions with interested parties.
Trading across borders	Ukraine reduced the time to import by simplifying conformity certification requirements for auto parts.
Getting credit	Ukraine improved access to credit information by establishing a new public credit registry in the National Bank of Ukraine.

Source: created by authors on the basis of [12–14].

The Index of Economic Freedom is an annual index and ranking created in 1995 by conservative think-tank The Heritage Foundation and The Wall Street Journal to measure the degree of economic freedom in the world's nations. Economic freedom is measured based on 12 quantitative and qualitative factors, grouped into four broad categories, or pillars, of economic freedom: Rule of Law (property rights, government integrity, judicial effectiveness); Government Size (government spending, tax burden, fiscal health); Regulatory Efficiency (business freedom, labor freedom, monetary freedom); Open Markets (trade freedom, investment freedom, financial freedom) [15].

Ukraine's economic freedom score is 56.2, making its economy the 127th freest in the 2021 Index. Its overall score has increased by 1.3 points, primarily because of an increase in the tax burden score. Ukraine is ranked last among 45 countries in the Europe region, and its overall score is below the regional and world averages (70.1 and 61.6 respectively).

However, despite the low rate, there has been a positive trend over the last five years (*figure 3*). Ukraine's economic freedom score, although gradually, is growing every year. This indicates the presence of positive changes within the country and increases its competitiveness.

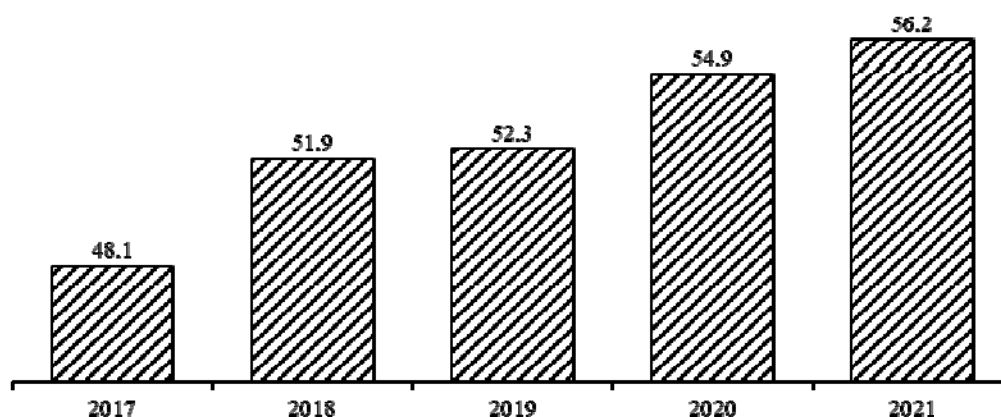


Figure 3. Ukraine's economic freedom score, during 2017–2021

Source: created by authors on the basis of [15].

As we can see, there are many obstacles for Ukrainian companies to conduct and develop business. According to the two above-mentioned indexes, Ukraine does not yet have a sufficiently developed and favorable environment for successful business. However, the situation is not critical and changes for the better every year.

Conclusion. Today, Ukrainian companies have opportunities to enter the international market. However, they face internal obstacles that need to be addressed. In order to overcome these obstacles and build a successful business, each company must have its own competitive strategy that will help it not only to enter the international market, but also to gain the trust and loyalty of consumers, both domestic and foreign.

For a successful competitive strategy, companies need to have a plan according to which this strategy is built. The company's management must carefully study the internal and external factors that affect the success of the business and its competitiveness. In addition, it is important to know its competitors and consumers. And based on all the information received, choose a successful, suitable for the company competitive business strategy.

However, the government must also do everything possible for domestic companies to enter the international market. After all, companies, especially at the beginning of their journey, need a favorable environment for doing business. This is proved by the considered indexes.

If Ukrainian companies do business in accordance with international standards, have a successful competitive strategy, and the government creates a favorable environment for domestic producers, Ukrainian companies will have a number of advantages such as: an improved image and reputation in the markets, access to loans, attracting capital of foreign investors, gaining the loyalty of contact partners, consumers, intermediaries, and investors, improving the financial performance of the company. All this will lead to Ukrainian companies gaining competitive advantages, which in turn will raise the competitiveness of the country as a whole.

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Дугінець Г., Колесникова О. Конкурентні стратегії компаній на зовнішньому ринку.

Постановка проблеми. Посилення конкуренції супроводжується появою безлічі конкуруючих підприємств як на внутрішньому, так і на зовнішньому ринках. Питання конкурентоспроможності українських підприємств на міжнародних ринках вимагає першочергової уваги. Це робить проблему оцінки рівня конкурентоспроможності надзвичайно актуальною та зумовлює необхідність пошуку шляхів формування конкурентних переваг підприємства.

Метою статті є аналіз особливостей формування конкурентних стратегій українських компаній та необхідність обґрунтувати проблеми та вивчити перспективи підвищення конкурентоспроможності українських компаній на зовнішньому ринку.

Матеріали та методи. Використано комплекс взаємодоповнюючих методів наукової ідентифікації економічних процесів та явищ: системно-структурний, порівняльний та статистичний аналіз. Інформаційну базу дослідження складають статистичні й аналітичні матеріали та інформаційно-аналітичні збірники, бюлетені та огляди з офіційних джерел, широкий спектр вітчизняних і закордонних літературних джерел та результати власних досліджень.

Результати дослідження. Проаналізовано теоретичні аспекти конкурентоспроможності, етапи розробки ефективної стратегії. Досліджено економічне середовище всередині країни, його переваги та недоліки для ведення бізнесу. Надано шляхи покращення економічного середовища України для успішного функціонування вітчизняних компаній, втілення їх конкурентних стратегій у життя та виходу на міжнародні ринки.

Висновки. Дослідження показало, що українські компанії, виходячи на міжнародні ринки, стикаються з внутрішніми перешкодами, які потребують вирішення. Для подолання цих перешкод та побудови успішного бізнесу кожна компанія повинна мати власну конкурентну стратегію, яка допоможе їй не лише вийти на міжнародний ринок, але й завоювати довіру та лояльність як вітчизняних, так і закордонних споживачів. Однак уряд також повинен зробити все можливе для виходу вітчизняних компаній на міжнародні ринки. У перспективі це призведе до того, що українські компанії отримають необхідні для них конкурентні переваги, що передусім підвищить їх конкурентоспроможність на міжнародній арені та конкурентоспроможність країни загалом.

Ключові слова: конкурентоспроможність, конкурентна перевага, конкурентна стратегія, підприємство, зовнішньоекономічна діяльність, ринок.