

Competitiveness level increase of SIA "Avk Grupa"

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In today's environment, competitiveness is one of the most important factors in the company's operation, as it ensures the organizations survival on the market and further effective development. A high competitive level of a company guarantees that it will make profit in the current market conditions. Thereby each company has the goal of achieving such level of competitiveness that could ensure the organizations functionality in the long term. The interest of organizations in the results of their work increases the need to raise the complete level of products or services, which require improving the work of all departments of the company. Therefore, in the modern economy, the main strategy of each business is to increase its competitiveness in order to strengthen its position on the market and to maximize profit. Nowadays, there is fierce competition between companies; managers are constantly looking for new tools and methods to increase the competitiveness level.

The object of the research is SIA "Avk Grupa" entrepreneurship activity.

The subject of the research is the competitiveness of the company SIA "Avk Grupa".

The main *goal* of the diploma is to develop recommendations to help the company to increase its competitiveness level. In order to archive the set goal, several *tasks* are appointed:

- Perform a theoretical analysis of literature sources on the basic principles of competition;
- Analyze theoretical and practical experience in increasing competitiveness;
- Perform analysis of SIA "Avk Grupa";
- Develop recommendations to increase the company's competitiveness level;

In order to achieve the goal of the qualification work, the author used the following research methods: statistical data collection and analysis, monographic or descriptive method (conducting research of literature), document analysis method (analyzing the company's internal documentation), comparative method, as well as SWOT analysis and Porter's five forces analysis.

The results and developed recommendations of this qualification work can be suggested to the company's top-brass, to help improve competitiveness. The diploma has practical usage and value.

Competitiveness assessment is based on the creation of the company's competitive advantages and their further development in the company's operations, which is the main goal of strategic management. In order, to do a competitiveness assessment, a SWOT analysis must be conducted to identify the strengths and weaknesses of the internal environment, as well as the threats and opportunities of the external environment. Then several

methods can be used, such as Porter's analysis of the five forces to assess the competitive level of the company.

Competitiveness is a relative concept that can be defined as the ability to provide the best offer on the market compared to competitors [6].

Adam Smith was first to formulate the concept of competition as "competition that raises prices (through supply shortage) and lowers prices (through oversupply). Competition determines and progresses the company's ability to adapt to the requirements of competition and in the process continue to develop" [7]. A. Smith defined the five main conditions of competition:

1. Competitors must act independently, not in collusion;
2. The number of competitors (potential or existing) should be sufficient to exclude extraordinary approaches;
3. Economic subjects should have acceptable knowledge of market opportunities;
4. There must be freedom of action in accordance with this knowledge;
5. Time is needed for the direction and volume flow of resources to meet the owner's wishes/expectations [4].

The concept of ideal competition was developed by David Ricardo, who developed a model that explains how market prices are combined in a long-term equilibrium with the principles of decentralized management and helps economic development. The economist founded the theory of comparative advantage, which explains not only the competition between companies, but also the competition between countries. Countries, like companies, win the competition fight if they specialize in a particular economic activity" [2]. Later, James Milne, referring to such management, noted that "given the fact that competition is the only regulator of prices, wages, rents, the law itself determines the rules for this regulation" [6].

Michael Porters, for his part, considers that the organizations position in the industry is determined by competitive advantages. In the end, organizations overpower their competitors if they have a strong competitive advantage [1]. In his opinion, all sustainable competitive advantage creating strategies can be fit into three standard options - reducing production costs, differentiate product, or to focus on a certain market segment. He thought that each strategy model promises only relative success, because it has not only advantages but also risks. In order to choose the right strategy, M. Porters suggested examining the company's value chain, which should be the key to creating a competitive advantage.

Latvian researchers, such as Z. Caurkubule defined competition as "competition between companies, people and territories with an interest in achieving the same goal" [5].

The main theses of the qualification work:

1. The nature and meaning of competition and competitiveness
2. Competitiveness ensures the organization's survival in the market and further effective development
3. Research of theoretical and methodological aspects for improving the competitiveness of the organization

4. A high level of competitiveness of a company is determined by competitive advantages
5. The most common factors influencing competitiveness are divided into external and internal factors
6. Competitiveness analysis of SIA "AVK Grupa"
7. Development of recommendations for increasing the company's competitiveness

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