

# SOURCES OF COMPETITIVE ADVANTAGES OF THE COMPANY

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**Abstract:** This article is about how important it is for a company to have current competitive strategy, the meaning of which is to increase or maintain their company's market position relative to its competitors. What you need to know for the proper formation of competitive strategy. The factors influencing the choice of strategy, the role and importance of stakeholders, and how the company can successfully compete in the dynamic context, as well as what the changes necessary to the company to implement the chosen strategy taking into account the relationship between structure, company culture and management processes in it. The question of the relevance of the competitiveness of companies at the moment. And also, what should be done in order to be the first among its competitors.

**Keywords:** company, competitiveness, strategy, external environment analysis.

Now the problem of the competitiveness of companies is particularly relevant due to the following facts:

1. An analysis and an improvement of company's competitive strategy are necessary because of the changing external environment and related risks of deteriorating situation in the market.
2. An increased competition makes it necessary to maintain the company's profitability in the context of overcoming the consequences of the global financial crisis.

For a company to be competitive it must have and implement a clear competitive strategy that defines how to compete in the industry in the domestic and foreign markets.

The strategy is an iterative process, so the strategic processes and their underlying fundamental assumptions often need to be revised due to changes in the situation.

It is important to note that the ability of the organization to review, adjust and update the competitive strategy is the basis of sustainable competitive advantage when the context changes.

To make a decision on the improvement of the existing corporate strategy or its complete transformation is necessary to determine: which factors of the external environment have an impact on the company strategy, how the company can successfully compete in the dynamic context, drawing on its resources and abilities, and what is the role and importance of stakeholders, as well their influence on the character and the overall strategic direction of the company, what strategic options available to the company in terms suitability and vitality, what changes are needed to the company to implement the chosen strategy considering the relationship between structure, company culture and management processes in it.

In this connection, it is necessary to:

Conduct a four-level analysis of the external environment to identify opportunities and threats in the industry and key success factors.

The analysis of the external environment should be carried out at four levels:

At the macro environment to identify common patterns, trends and developments in the far external environment and their impact on the industry and the company;

At the industry level to determine whether the type of competitive behavior in the industry market, the nature of competition in it, profitability and attractiveness of the industry, the necessary conditions for a success in the industry at the present time and in the coming years;

At the level of strategic groups to classify companies within the industry, understanding of types of competitors and the competitive nature of the various strategies;

At the level of individual competitors to identify them and predicting their behavior.

Conduct an internal analysis of the company to assess its strengths and weaknesses, and competitive advantages.

The analysis of internal resources is necessary to conduct by a practical model of the resource approach. The result is the identification of strengths and weaknesses of the company and their comparison to the external environment - opportunities and threats identified by results of the analysis of the external environment. SWOT - analysis will provide clear conclusions that will help to enhance weaknesses and strengths of the company and to successfully resist the threat.

Assess strategy options, make strategic choices and compare it with the current strategy.

The identification of options for the competitive strategy and the choice of strategy is based on the evaluation of the suitability and viability.

The assessment and the identification of the preferred competitive strategy is carried out with the consideration of key success factors of the industry, company resources and capabilities, as well as interests of stakeholders.

According to the stakeholder theory, the company should realize the expectations of all stakeholders without exception. Resource dependence theory helps to answer the question whose expectations most priority. The theory says that in the first place should be considered stakeholders who contribute the most to organization resources or whose resources are the most rare and necessary for the activity of the company.

Strategy testing is carried out using the Johnson and Scholes test and Rumelta test. It makes it possible to formulate the assessment of the capacity and the ability of the company to realize the strategy, as well as provides an opportunity to plan the necessary changes to enhance opportunities and eliminate weaknesses.

Analyze the correspondence between the chosen strategy and the company's structure, system and culture.

The process of the strategy implementation is very important for a strategic success, and it should consider the correlation between structure and culture of the company and management processes in it. It also should consider the strategic importance of the organizational change. So it is necessary to analyze the correspondence between the company's structure, system and culture and the chosen strategy, as well as the willingness and ability of the company to make changes.

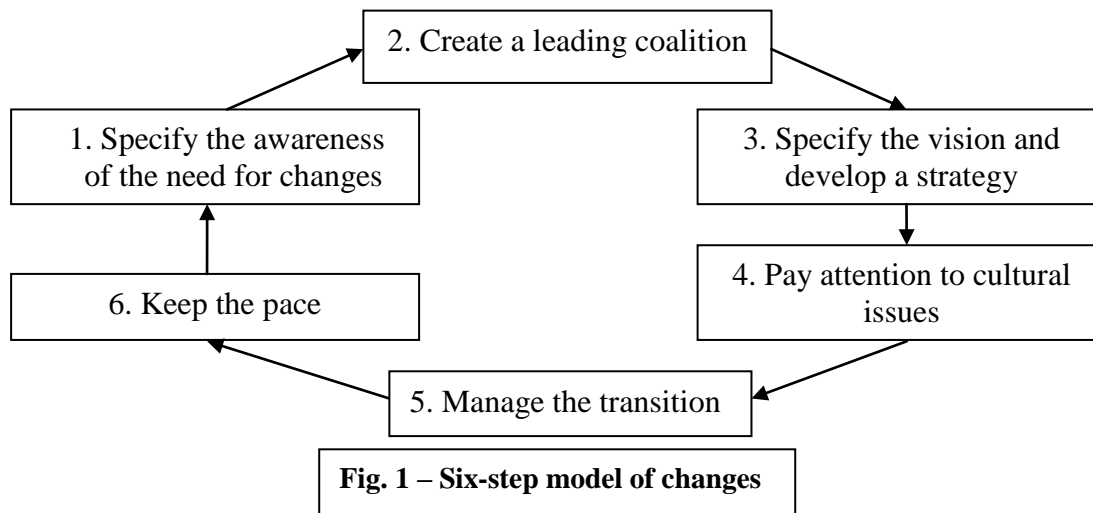
Structural mechanisms include ways to interact people in performing the work, information flows within the organization, as well as the coordination and control of the most important activities in practice. The structure is used to coordinate actions of the organization and can help to create a unique set of values.

Systems include formal and informal flows of information used for planning, decision making, coordination, cooperation and control at the operational and strategic levels.

The culture has a strong influence on the behavior of employees in the company and it is able to provide a strong influence on the strategic process. A strong culture can promote not only the organization survival, but also to strengthen sources of competitive advantages.

It is important that any changes in the company to be a deliberate, planned, coordinated. To implement this approach, it is advisable to use a six-step model of changes, which is presented in Figure 1.

The six-step model is a process approach, which combines many principles of an effective change management. Understanding these steps helps to mobilize the support of the change. It should also be note that in the implementation of the changes, the company could face such problems as power, resistance and control. So it is necessary to motivate the people involved in the changes and to manage the transition.



Form the program of measures to implement necessary changes in the company.

It is important always to keep in mind that any organization should consider the following facts: a strategic choice should be based on a thorough analysis of the external environment; strategic choice is limited to available resources and the ability of the organization; without a stakeholder analysis the strategic choice will not be successful; the implementation of the strategy is a part of a continuous strategic management process; the structure, the system and the culture are key organizational levers working together to implement the strategy; the implementation changes to the company is a complex process, which consequences affect the success of strategic objectives and the implementation of that strategy.

A competitive strategy should make the most match the internal and external environment of the company and to ensure the sustainability and efficiency of business in a complex and dynamic external environment.

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