DOI: 10.46299/979-8-90070-304-6.8

8. Theoretical basis of managing the development of competitive advantages of an enterprise

The essence and definition of competitive advantages

The theory defines three approaches (concepts, directions) to the sources of competitive advantages of an enterprise: market, resource, and institutional. The evolution of these approaches took place in the order indicated.

The market approach was formed and dominated in the 1950s-1970s. In scientific works, the dominance of the market concept is associated with the period of the 1970s-1980s. In the early stages of this approach's development, the behaviour of the enterprise was ignored, and it was believed that it was almost entirely determined by the market structure and industry conditions. In the process of developing this direction of competitive advantage theory, Harvard School experts determined that the strategic success of an enterprise depends not only on the structure of the industry in which it operates, but also on the fundamental strategy chosen for a given economic area, i.e., on the positioning of the firm in the industry. Sysueva O. notes that this approach considers the effective industry and market position of an entity, chosen taking into account its specifics, as a source of competitive advantage.

Characterising the market concept, scientists note that, originating within the economic theory of industry organisation, it considers the issue of forming competitive advantages from the perspective of the current competitive situation, namely the analysis of the industry structure. The main object of analysis is the attractiveness of the industry as the basis for market success. The process of forming competitive advantages boils down to finding industries with a favourable business environment and developing a strategy that would maximally contribute to limiting the impact of the main forces of competition on the enterprise.

Representatives of the market position believe that an enterprise has sustainable competitive advantages when it: meets consumer requirements; is unique; its advantages cannot be replicated by competitors; is profitable.

In the late 1980s, as a counterbalance to the market-oriented approach, a resource-based approach began to take shape in competitive advantage theory, according to which it is impossible for a company to achieve strategic success without possessing unique resources, without advantages in skills, abilities, resources and their use.

The resource concept assumes that differences in profitability between companies within the same industry are much more significant than differences between individual industries, and the main reason for this heterogeneity is the unique resources and capabilities of the company. At the same time, resources are the source of a firm's capabilities, and capabilities are the main source of its competitive advantage. Companies differ from each other in terms of their resource endowment, which explains the difference in their levels of efficiency and profitability. Therefore, from the perspective of the resource concept, the main source of sustainable competitive advantage is the systematic development of its unique characteristics. The resource approach allows sustainable competitive advantages to be identified as the result of specific capabilities, resources and unique factors at the disposal of the enterprise. The approach requires the firm to proactively create, maintain and develop its specific resources and competencies. Experts have identified a pattern: the more intense the changes in a particular area of business, the less important the structure of the industry and the position of the enterprise in it, and the more significant the role of unique resources at its disposal, especially the most important of them – knowledge in areas relevant to the business. Yagafarova E., giving preference to the resource concept, believes that the sustainability of a firm's competitive advantage depends on the availability of a "valuable resource" characterised by imperfect mobility, durability, impossibility of imitation/substitution, opacity and scarcity. The scientist considers intellectual capital to be such a resource .

In recent years, a significant number of scientists have expressed the opinion that both the market and resource approaches to the theory of competitive advantage, when considered separately, are one-sided and do not ensure maximum success for the enterprise. They do not contradict each other, but rather complement each other, which requires their balanced combination. In fact, the strategic success of an enterprise depends on its ability to track relevant changes in the competitive environment in a timely manner, on the one hand, and to develop its own key competencies in line with these changes, on the other.

Stein O. advocates the unification of scientific approaches. The scientist proposes to combine the industrial-economic and resource approaches to create a market-oriented paradigm. In terms of content, the industrial-economic approach is a market approach.

The modern interpretation of the theory of competitive advantages, according to the approach of Tsarenko O., is also based on the integration and balancing of resource and market directions. Agreeing with this scientific approach, we consider the presentation of the stakeholder analysis method as part of the market direction and the element of "organisational culture" as part of the resource direction of the theory of competitive advantages to be debatable. In our opinion, the aforementioned method and element belong to the tools of the institutional approach to the sources of competitive advantages.

The institutional approach, in which long-term relationships with consumers, partnerships, and strategic alliances play a key role, began to take shape in the 2000s with the emergence and development of new organisational forms. This approach is based on new institutional economic theory, sociology, and research on network formations. The network nature of the organisation of entities in the modern economy leads to changes in the fundamentals of competition in the direction of combining competitive and cooperative relations between market participants, which are a source of additional advantages in the form of cost minimisation, access to information flows, etc. Gordeev V. proposes to consider institutionalism as a factor in the development of a new theory of competition.

From the point of view of the institutional approach, the economic behaviour and choices of an enterprise are determined not only by technological and informational capabilities and profit-making objectives, but also by constraints that are social in nature, such as human norms, values, traditions and attitudes. The source of competitive advantage is the integration of an enterprise into the surrounding business environment, its information field, and the system of industry and market relations that free the enterprise from isolation in society. According to this concept, institutional operations are the result of the interaction of processes at the individual (norms and traditions followed by managers), organisational (corporate culture, value system) and inter-organisational (influence from the state, industry alliances, social expectations) levels. The goal of integrating interaction processes is to form and use collective competitive advantages that generate special "relationship rents." The main conclusion of the institutional concept is that compliance by firms with existing norms, traditions and social requirements leads to their homogenisation and the levelling of differences in their structures and operations. As a result, those companies that agree with social factors are successful, gaining support and legitimacy as a result.

Some scholars define the connections that a company forms with its external environment as its intangible specific resources, while the institutional approach defines them as an interdisciplinary resource approach. We consider this definition to be debatable, since, in our opinion, the institutional approach has every reason to exist and develop as an independent approach, the popularity of which is becoming increasingly widespread at present.

Recently, scientific approaches have begun to emerge that propose combining market, resource and institutional approaches to form sustainable competitive advantages. Thus, Smirnov E., justifying his own approach from the standpoint of strategic vision and operational efficiency, adhered to this position.

Within the approaches to the sources of competitive advantage, the directions of advantage diagnosis are important. There are several positions on this issue in scientific works. Thus, Bramesa I. and Wensley R., within the market approach, distinguish two directions of diagnosing competitive advantages: focused on consumers and on competitors. Usually, firms tend to follow the first or second direction, while it is necessary to maintain a balance between them. Recent empirical studies have shown, for example, that excessive competitive orientation has a negative impact on the success of a company. According to the approach of Lisovska L. and Ivanets L., in the case of gaining a competitive advantage, the main importance belongs to the company itself, its competitors and customers. These three elements form the axes of a strategic triangle, which can be considered as a starting point for identifying advantages. Focusing on this model shows that in order to achieve its goals, it is not enough to simply produce high-quality goods and services; the company as a whole must become better than its competitors. Kotler F. suggests monitoring the environment according to the "4 Cs of market positioning" to achieve success in the market: customers, channels, competition, and company characteristics. Smirnov E. also identifies four areas of competitive advantage diagnostics focused on the internal and external environment: the company, consumers, competitors, and the market system. The resource approach provides orientation towards the internal environment; the market approach provides orientation towards consumers and competitors, and the institutional approach provides orientation towards the market system.

Scientists associate the formation and development of the theory of competitive advantages with various factors of the external environment. Thus, Sysoeva O. associates the emergence and evolution of the theory of competitive advantages with the development of international economic relations, determined by the scientific and technological progress of society and competitive relations. Russian scientist O. Shershnova predicts that the further development of the theory of competitive advantage will be based on the imperatives of the development of the world community. Competition based on intellectual leadership in the context of further intensification of globalisation processes and reduction of resources will be the driving force behind economic development.

The large number and variety of theories and concepts of competitive advantage requires their systematisation. Modern foreign and domestic scientists do this in different ways, trying to place their own emphasis on the interrelationships between theories and concepts, to form their own approaches to the content and structure of modern theories of competitive advantage. Thus, Otenko I. and Poltavska E. grouped the concepts of competitive advantages according to their affiliation with schools of thought. The concepts defined within each group, in our opinion, can be attributed to one of the approaches (market, resource or institutional) to the formation of sources of competitive advantage, or to several approaches at once.

A detailed analysis of global theory and practice in building competitive advantages, developed over the last three decades, is presented in the scientific work of Tarnavska N. The researcher identified the conceptual provisions of the most well-known theories of competitive advantage and, based on them, proposed the creation of a modern paradigm of competitive advantage. Analysis of theories of competitive advantage made it possible to determine their affiliation with market, resource, institutional approaches or a combination thereof. The vast majority of modern concepts represent several approaches (Table 1). Porter's theories of competitive advantage, competition for the future, the concept of

"value disciplines", the theory of ecosystems and co-evolution, building competitive advantages based on the theory of co-competition B. Shpotov refers to theories of industry leadership. If we consider that these theories represent a market approach, then this position is debatable, because, in our opinion, the above-mentioned theories of competitive advantage are related to several approaches to the sources of competitive advantage formation.

Currently, scientific works propose new approaches to the formation of sustainable competitive advantages. Thus, Sotnikov A. proposes to distinguish stakeholder, technological, "knowledge", humanitarian, informational, and financial approaches. Kostyaev R. has developed a concept for forming sustainable competitive advantages for a company, which can be achieved through a holistic approach to identifying opportunities provided by the Internet.

Table 1.1

The relationship between theories of competitive advantage and approaches to the sources of competitive advantage

Name of theory	Approach to the sources of competitive
Porter's theory of competitive advantage	Market, resource
Theory of competition for the future by Hamel G. and Prahalad C.	Market, resource
The concept of "value disciplines" Tracy M. and Virsemi F.	Market, resource

Continuation of Table 1.1

Concept based on the business model "Balanced Scorecard" by Kaplan R. and Norton D.	Market, resource, institutional
Theory of ecosystems and co-evolution by Moore J. F.	Market, institutional
Co-competition theory Brandenburg A.M. and Neale B.J.	Market, institutional
Concept of value and capital migration Slivotska A.	Market
The concept of the "blue ocean" by Kim, W. and Mauborgne, R.	Market
The modern paradigm of competitive advantage Tarnavska N.	Market, resource, institutional
Stakeholder approach	Resource, institutional
Technological approach	Resource
Knowledge-based approach	Resource
Humanitarian approach	Resource-based, institutional
Information approach	Resource-based, institutional
Financial approach	Resource, institutional
Concept using Internet technologies	Resource-based, institutional

Kostyaev R. believes that traditional methods of forming competitive advantages are easily copied by competitors. Competitive advantages formed using Internet technologies have a significantly higher level of resistance to copying.

We have established a connection between modern approaches and conceptual approaches to the sources of competitive advantage formation. Compared to the now classic theories of competitive advantage, which correspond to a combination of approaches with the mandatory presence of a market approach, modern ones are based on resource and/or institutional approaches.

The modern concept of sustainable competitive advantages should be based on the integration and balancing of market, resource and institutional approaches to the sources of competitive advantages. We consider four areas of competitive advantage diagnostics to be relevant: enterprise-oriented, consumer-oriented, competitor-oriented and market system-oriented.

It is the integration of approaches that will enable the enterprise to obtain all the important components of a sustainable competitive advantage – the advantages of competitive potential, competitive position, and competitive status, as stated in the author's edition of the essence of the concept of "sustainable competitive advantage". The resource approach ensures the formation and development of competitive potential advantages; the market approach ensures competitive position advantages; and the institutional approach ensures competitive status advantages for the enterprise (Fig. 1.1).

This position explains the origin of sustainable competitive advantage in the internal and external environment, in contrast to the scientific approach of Smirnov E., according to which sustainable competitive advantage is formed in the internal environment of the enterprise.

Thus, studying the essence of approaches to the sources of sustainable competitive advantages and determining the relationships between the concepts of competitive advantages and approaches to their sources has made it possible to substantiate the content of the modern concept of sustainable competitive advantages.

The vision of the modern concept of sustainable competitive advantages of an enterprise consists of the following provisions.

1. Integration of resource, market, and institutional approaches to the sources of sustainable competitive advantage formation.

2. Diagnosing sustainable competitive advantages with a focus on the internal environment – the enterprise; on the external environment, including consumers, competitors, and the market system.

3. Formation of the mandatory components of a sustainable competitive advantage of an enterprise: advantages of competitive potential in the internal environment; advantages of competitive position and competitive status – in the external environment.

The results of scientific work are planned to be used in the formation of the concept of sustainable competitive advantages of restaurant businesses.

Competitive advantage management as a system

Since the dawn of early forms of production, people have been faced with the question: "How and what to produce so that the products are needed by someone and can be sold or exchanged?" In answering this question, one producer or another, without realising it, formed a certain set of competitive advantages for their products and production activities. An analysis of scientific literature has led to the conclusion that scientists try to interpret this concept in different ways, not always correctly understanding its essence. In particular, Markova V. D. and Kuznetsova S. A. note in their work that the competitive advantage of an enterprise is its position in the market, which allows it to overcome competition and attract buyers [226]. However, in this case, it would be appropriate to use the concept of "competitive position," since it is the position of an enterprise in the market that is achieved as a result of the formation and use of a set of competitive advantages.

A. V. Voychak and R. P. Kamyshnikov understand competitive advantages as characteristics or properties that give an enterprise an advantage over its direct competitors. However, this definition does not specify the characteristics and properties of which object are competitive advantages – goods, production technologies, personnel, etc., and therefore we consider this definition of competitive advantages to be incomplete.

According to R. A. Fathutdinov, competitive advantages are any exclusive value that a system possesses and that gives it an advantage over its competitors. However, in our opinion, this definition is also not entirely correct, since the competitive advantages of an enterprise can be not only certain values, but also the way they are applied or used in the process of economic activity. Moreover, in order to form competitive advantages for an enterprise, values may not be exclusive; simply their combination will create a more advantageous position for the enterprise compared to its competitors in the eyes of consumers.

A similar definition can be found in S. P. Gavrilyuk, who defines competitive advantages as those assets and areas of activity that are strategically important for an enterprise and enable it to prevail in competitive struggle. Again, we consider this definition to be incomplete, since only strategically important assets of an enterprise cannot be considered its competitive advantages, and even more so, a sphere of activity cannot be considered a competitive advantage, since it is the presence of several or more enterprises operating in a certain sphere that allows us to identify certain competitive advantages in one of them.

O. Zozulov interprets the essence of a company's competitive advantages as a set of measures aimed at improving its own activities, directly weakening competitors and influencing changes in the market environment. However, we believe that the concept of "competitive advantage" cannot be interpreted as a "set of measures"; rather, competitive advantages are the results of implementing these measures.

Some researchers define competitive advantage as the comparative advantage of an enterprise over other producers in a given industry. This advantage lies in achieving or having the potential to achieve a higher level of profitability. This definition is incomplete, as it does not take into account the competitive advantages that an enterprise has in the eyes of its customers. In our opinion, more complete definitions of the essence of competitive advantages of an enterprise can be found in J.-J. Lamben, P. S. Smolenuk, L. V. Balabanova, and others. Thus, J.-J. Lamben proposes to understand competitive advantages as the characteristics and properties of a product or brand that create a certain advantage for an enterprise over its direct competitors. These characteristics (attributes) can be very diverse and relate both to the product itself (basic service) and to additional services accompanying the basic form of production or sales.

Based on a generalisation of the approaches of many researchers, Smolenyuk P. S. believes that competitive advantages in the field of production are the ability of an enterprise to strengthen its competitive position, adapt its activities to the chosen strategy, choose an effective policy of relations with competitors, and respond quickly to changes in the competitive environment. In other words, the competitive advantages of an enterprise consist in staying ahead of competitors by implementing market success factors or key competencies.

When studying competitive advantages, L. V. Balabanova understands this category as the strengths of an enterprise that provide an advantage over competitors and are important for the target market.

I. Z. Dolzhansky and T. O. Zagorna consider competitive advantages to be the level of effective use of the types of resources available to a firm and divide them into external (based on the distinctive qualities of a product that create value for the buyer) and internal (based on the firm's advantage in terms of production costs, which are lower than those of its competitors).

Thus, today there are a number of definitions of competitive advantages of an enterprise, and while some of them quite accurately and fully reflect the essence of this concept, others are partial and relate only to certain areas of activity of production units.

In general, when characterising the essence of the concept of "competitive advantages of an enterprise," we can note that the competitive advantages of an enterprise are a combination of its available resources (raw materials, space, labour, management, technology, information, marketing, etc.) and the ways in which they are used, which provide it with broader opportunities for production and sales compared to its competitors.

Research of scientific sources has shown that there is no consensus on the essence of competitive advantages of an enterprise, and there are different approaches to determining the sources of their formation. Thus, J. Lamben identifies three groups of factors (sources) for the formation of competitive advantages of an enterprise (Fig. 1.2).

The most common approach in scientific circles today is to divide the sources of a company's competitive advantages into internal and external. Internal sources of competitive advantages include characteristics of a company's internal activities that exceed those of its competitors. These include, in particular, the organisation and technology of the production process, the management system, labour productivity, the level of production costs, the overall level of operating costs, etc.

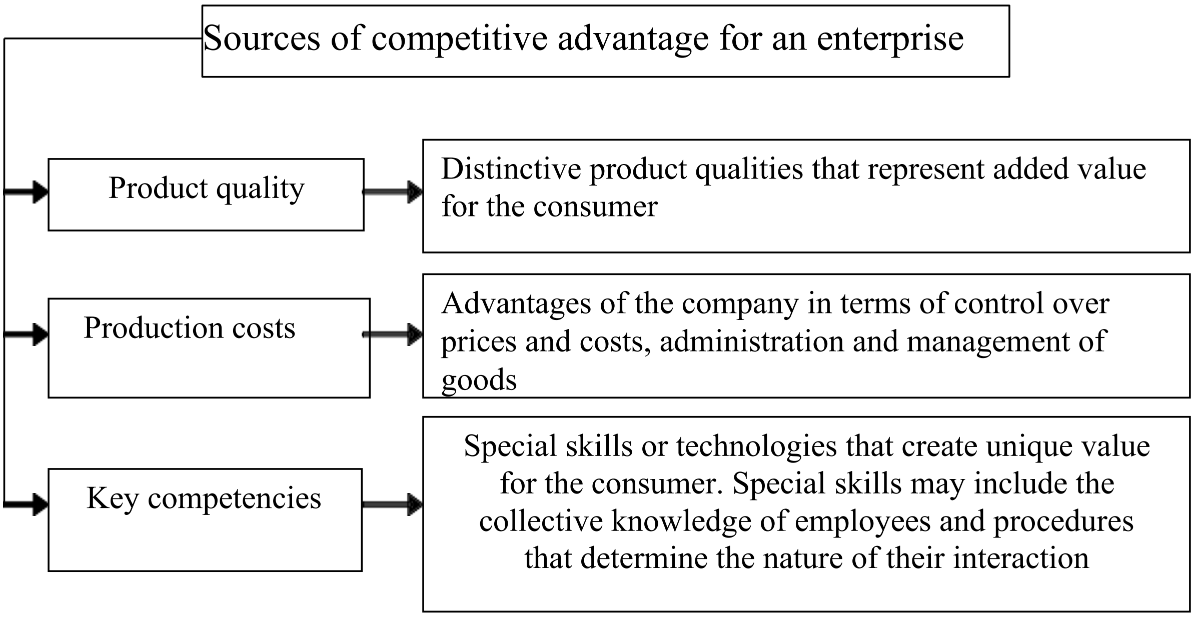

Fig. 1. 2 Sources of competitive advantage formation for an enterprise according to J.-J. Lamben

Source: [Lamben]

Scientists consider external sources of competitive advantage to be those based on the ability of an enterprise to create more significant value for consumers of its products.

In addition, there are other approaches to identifying sources of competitive advantage for an enterprise (Table 1.2).

Table 1.2

Sources of competitive advantages of an enterprise in scientific research

Author	Sources of competitive advantage
Shekhovtseva L.	factors of production (natural resources, skilled labour, favourable conditions for the production of goods; effective investment in education, technology, licences; creation of new types of products, production processes and other innovations; use of created wealth to ensure economic growth
Ligonenkova L. O.	significant reduction in production costs; increase in activity, consolidation of enterprises; expansion of activity in segments with better conditions
Sekerin V., Molchanovsky E., Tolokonnikova Yu.	improving product quality, optimising the product range; price regulation; application of production technologies that enable the manufacture of unique products location of raw material suppliers

Source: compiled by the author

Thus, the competitive advantages of an enterprise are a combination of its available resources (raw materials, space, labour, management, technology, information, marketing, etc.) and the ways in which they are used, which provide it with broader opportunities for production and sales compared to its competitors. It is these resources that are the sources of its competitive advantages, and therefore, the establishment of a management system for the formation and effective use of existing and potential competitive advantages in the course of economic activity is of particular importance for ensuring the successful operation of each enterprise.

Table 1.3

Classification of competitive advantages of an enterprise and the main sources of their formation

Competitive advantages	Characteristics	Components of economic potential, due to which they are formed
Internal competitive advantages		
Production	Labour productivity, cost efficiency, efficient use of fixed assets, availability of material and technical resources.	Production and technological, human resources, financial, organisational and managerial
Technological	Modernity, perfection, flexibility of technological processes, use of scientific and technological advances.	Innovative, investment, human resources, organisational and managerial
Qualification	Professionalism, skill, activity, creativity of personnel, inclination towards innovation.	Personnel
Organisational	Modernity, progressiveness, flexibility, structuredness of the existing organisational structure.	Organisational and managerial
Management	Effectiveness and efficiency of the existing management system, effectiveness of working capital management, quality, production, procurement and sales processes, effectiveness of the staff motivation system	Organisational and managerial
Innovative	Systems and methods for developing and implementing new technologies, products, services, availability and implementation of know-how.	Innovative, investment, personnel
Consequential	Market culture of the enterprise, traditions, history of development.	Conjunctural
Economic	Availability of funding sources, solvency, liquidity, profitability, return on investment	Financial
Geographical	Location, proximity to sources of material and human resources, markets, transport routes and distribution channels.	Infrastructure
External competitive advantages		
Information	Systems for collecting and processing data operating at the enterprise, the extent to which the enterprise is informed about the state and trends of market development, the forces and conditions of the surrounding marketing environment, the behaviour of consumers, competitors and other economic entities.	Organisational, managerial, personnel, market.
Design	Technical characteristics of products, their design, packaging.	Production and technological, financial, human resources
Qualitative	Product quality level as assessed by consumers.	Production and technological, financial, human resources, market.

Continuation of Table 1.3

Behavioural	The extent to which the marketing philosophy is disseminated among the company's employees, the focus of its activities on meeting the needs of consumers in specific target markets.	Market, human resources, organisational and managerial.
Conjunctural	Market conditions, competitive environment (number and behaviour of competitors, intensity of competition).	Conjunctural.
Service	Level and quality of services provided by the enterprise.	Organisational, managerial, financial, personnel.
Image	General consumer perceptions of the enterprise and its products, popularity.	Market, market conditions.
Price	Price level and possible dynamics, their social orientation, market power of the enterprise.	Market, conjunctural, organisational and managerial.
Sales	Order portfolio, methods and techniques of product distribution.	Market, conjunctural.
Communication	Channels and methods of disseminating information about the enterprise, availability and use of communications.	Market, conjunctural.

Source: [Maslak]

The following should be considered among the features of activity that ensure a sustainable competitive advantage:

1. Economies of scale. The positive effect of economies of scale is that as production and sales volumes grow, a number of factors begin to work towards reducing average production costs. These factors primarily include: specialisation of labour and increased labour productivity, specialisation of management personnel and effective management decisions, and efficient use of capital.

2. Diversification. Diversification allows companies to "stay afloat" in difficult economic conditions by producing a wide range of products and services: losses from unprofitable products (temporarily, especially new ones) are offset by profits from other types of products. A wider range of products allows the company to offer a more diverse set of products than its competitors.

3. Product (service) quality – helps the company attract and retain customers. Most companies view quality as a highly effective means of outperforming competitors by constantly offering goods and services to the market that, thanks to their superior quality characteristics, better meet consumer needs than similar products from competitors.

4. Unique product features – attract buyers who need products with unique properties. This level of assortment management also includes planning assortment updates, product export volumes, and assortment structure by product behaviour type

in order to focus on products that can be perceived as a commodity brand.

5. High efficiency – allows products to be manufactured at lower costs compared to competitors. Economic effect is an absolute indicator that characterises the result of activity in monetary terms. In turn, economic efficiency is a relative indicator that allows you to compare the effect obtained with the costs that must be incurred to obtain the planned effect.

Efficiency is understood as:

- evaluation of a specific result;
- the correspondence of the result (process) obtained to the planned one;
- a numerical characteristic of the satisfactory functioning;
- the probability of achieving certain goals.

One of the main prerequisites for ensuring the effectiveness of an enterprise is the assessment of its level. The assessment of effectiveness begins with the establishment of effectiveness criteria, i.e. the main feature of effectiveness assessment. The content of the effectiveness criterion stems from the need to maximise the results obtained or minimise costs based on the objectives of the enterprise.

6. Experience – ensures the effective use of knowledge and technological improvements, as well as cost reduction thanks to the so-called experience curve effect. There is a direct link between profitability and market share. The use of the experience curve shows that with each doubling of accumulated output, the costs per unit of output associated with newly created value and adjusted for price effects are potentially reduced by 20-30%.

A competitive advantage factor is a specific component of a company's external/internal environment in which it outperforms its competitors. Competitive advantage factors can be tactical and strategic.

1. A tactical competitive advantage factor is a specific component of the external/internal environment of a company, in which it prevails or will prevail in the near future (up to a year) over competing enterprises.

2. A strategic competitive advantage factor is a specific component of a company's external/internal environment in which it can outperform its competitors after fulfilling

specific conditions in the future that determine the company's advantage over competing firms in terms of this component.

Thus, identifying competitive advantages makes it possible to use the company's resources and opportunities more rationally and to choose the most appropriate directions for developing economic potential in the short and long term.

The assessment of competitive advantages enables the economic entity to determine the most rational structure of its potential at all stages of the life cycle, to develop enterprise development programmes that take into account the expediency of using certain resources and opportunities to ensure maximum efficiency and achieve a high competitive position in the market for similar goods and services.

The main stages of assessing the competitive advantages of an enterprise based on ensuring the development of its economic potential are presented in Fig. 1.

Features of determining and managing the competitive advantages of agricultural enterprises

Most leading experts from developed WTO member countries believe that in order to ensure food security, the share of domestic products in the population's food consumption should not be less than 70%. This requires that at least 80-85% of the products offered by domestic producers in Ukraine be competitive with imports. Therefore, the problem of competitiveness and the formation and realisation of competitive advantages of domestic agriculture is one of the most acute and pressing issues for the agricultural sector of Ukraine's economy.

The basis for the development of Ukraine's agricultural sector is, first and foremost, the competitiveness of agricultural products in both regional and international markets. Increasing the competitiveness of the agricultural sector of Ukraine's economy is a major strategic issue, especially given the rapid growth of its share in the country's gross domestic product, the formation of the revenue side of the state budget and export potential.

The study of competitive advantages is of great importance for enterprise management, as the development of an organisation is inevitably linked to competition and confrontation in the market with other producers and suppliers of similar products.

In addition, competitive advantages in the global market are the basis of the international division of labour. That is why the topic of research is quite relevant today.

The works of most Ukrainian scientists, as a rule, highlight individual Western theoretical developments, which indicates the absence of a systematic approach to the methodology of analysis and assessment of competitive advantages.

Thus, according to Ukrainian scholars L.E. Dovgan and V.D. Nemtsov, the main approaches used in global practice to assess competitive advantages and the competitiveness of enterprises are:

- a method based on the theory of effective competition;
- methods based on the theory of competitive advantages;
- approaches to assessing the competitiveness of an enterprise based on determining the competitiveness of a product;
- the benchmarking method.

Competitive relations are inherent in the agricultural business, which determines the importance of developing competitive strategies taking into account the factors of influence for enterprises operating in a saturated agricultural market. Agro-industrial production has a number of multi-level features that should be taken into account when substantiating the concept of forming competitive advantages for enterprises. According to S.I. Melnyk, "...the combination of competitive advantages in complex interaction constitutes the competitiveness of an enterprise, which is a manifestation of its existing and potential capabilities". The fundamental task in forming the competitiveness of an enterprise is to study the factors that have the greatest impact on its activities and products. Together, the factors that influence competitiveness determine changes in the enterprise. Knowledge of the factors and their impact that provide competitive advantages in market conditions and in integration conditions (EU, Eurasian Economic Union, BRICS, GUAM, etc.) is important for managing the competitiveness of enterprises. The manifestation of competitive advantages is determined by external and internal factors that influence the functioning of the enterprise. Its position in the market depends on external factors and, mainly, on the ability to take them into account and use them to achieve strategic goals. Taking into account the factors of influence identified in the work and their classification, a structure of the main competitive advantages of agricultural enterprises in market conditions is proposed.

The competitive advantage of an enterprise, its effectiveness and sustainability are determined by the combined multidirectional influence of a multitude of factors. Moreover, the same factors in different conditions can both strengthen and weaken a specific competitive advantage. For example, modern technology contributes to the creation of advantages in the areas of design and quality, but it can increase the cost of a product due to the growth of depreciation charges associated with the high cost of its acquisition. Therefore, when studying competitive advantages, a systematic approach is of particular importance, the use of which ensures that the most important factors affecting the compared objects are taken into account and highlighted.

The formation of competitive advantages of agricultural enterprises ensures the competitiveness of the agricultural sector of the economy and, therefore, contributes to solving problems related to food security.

The competitiveness of organisations is the ability of producers and sellers of goods to compete with their rivals who supply similar goods to the same markets. In such competitive struggle for market domination, organisations use advertising, price reductions, product quality improvements, and pre- and after-sales services to attract buyers.

Competitiveness refers to the degree of advantage a product has in the market compared to other competing products of similar purpose.

Competitive advantage is the exclusive value that an organisation possesses and which gives it an advantage over its competitors, which in the global market is linked to the international division of labour.

T. Peter and B. Waterman formulated general principles that give competitive advantages to manufacturers:

1) the focus of each and every employee on action, on continuing the work that has been started;

2) proximity of the enterprise to the customer;

3) creation of autonomy and a creative atmosphere in the enterprise;

4) increased productivity through the use of people's abilities and their desire to work;

5) demonstration of the importance of common values for the enterprise;

6) the ability to stand firm;

7) simplicity of organisation, minimum levels of management and administrative staff;

8) the ability to be both soft and firm. Keep the most important issues under strict control and delegate less important ones to subordinates.

Given Ukraine's place in the international division of labour in the agricultural sector, its competitive advantages stem from:

1) natural and climatic conditions (flat terrain, temperate climate, large areas of agricultural land, large fields, etc.);

2) resource capabilities (minerals, mobile labour resources, etc.);

3) geographical location (availability of transport corridors, favourable delivery radius for agricultural products, transit location, etc.);

4) market conditions (high demand for major export-oriented crops, possibility of creating agricultural pools, etc.).

The large number of competitive strategies is due to the multifaceted nature of the aspects used to change or defend a competitive position. However, the differences between strategies are very similar when considering the objectives of a company's activities in the market and the types of competitive advantages that the company is trying to gain.

Therefore, in order to achieve advantages in market competition, it is necessary to develop a clear strategy for their implementation. The need to develop strategies has prompted marketers to look for analogies in military science. According to G. Assel, the study of the works of the greatest military theorists and practitioners prompted marketers to use four principles borrowed from them to achieve advantages over competitors: concentration of resources; seizing the initiative; manoeuvring resources;

ensuring flexible planning.

As global market relations show, the interdependent solution of these problems and the use of these principles guarantee an increase in the competitiveness of enterprises.

The main directions for ensuring the competitive advantage of an organisation are: concentrating the firm's resources to prevent competitors' actions, maintaining the initiative in competitive struggle, ensuring the resource potential to achieve the set goals, developing a flexible system for planning the firm's activities in the market by substantiating an effective strategy for interaction with competitors.

The competitive advantage possessed by various rivals (competitors) in global markets is a significant factor in the climate or competitive situation in the commodity market. Competitive advantage is determined by a set of characteristics and properties of a product or brand that give an agricultural enterprise a certain advantage over its direct competitors.

The advantage is assessed by the relative, comparative status and position of the organisation in relation to the competitor that occupies the best position in the commodity market or market segment. It can be external or internal. A competitive advantage is external if it is based on the distinctive qualities of a product that create "value for the buyer" by reducing costs
costs or increasing efficiency.

Internal competitive advantage is based on the advantage of an agricultural enterprise in terms of production costs, company or product management, which creates "value for the producer" and a lower cost price than that of the competitor. This advantage can be created by implementing a cost leadership strategy through the introduction of organisational and production innovations in the company.

Thus, the ratio of "market power" to "productivity" can characterise the level of a company's competitive advantage over its competitors.

Diagnosing the competitive environment requires not only an analysis of the state of various methods of competition, but also a study of the image of the product and the image of the organisation. Indeed, by lowering the price of its product or service, an organisation gains the opportunity to strengthen its position compared to its competitors. Increasing the price of a product or service leads to a decrease in its competitive advantage. By improving the quality characteristics of a product, a company gains a significant advantage over its competitors, which, in turn, may be a reason for setting a higher price. If an organisation keeps the price of its goods at the level of competitive goods, then higher quality creates a leading position in the market, allowing it to increase the number of consumers and, accordingly, the size of the company's market share.

Existing methods for assessing competitive advantages are based on the essence of value , which is the source of advantage (material, intangible, monetary, social and other values) and depends on its content, source of origin, dynamism of manifestation, scale of distribution and other conditions.

To solve existing problems, the following measures need to be implemented: establishing a modern agricultural market infrastructure, creating specialised banks to provide preferential loans to agricultural enterprises, increasing the export potential of domestic agricultural producers by improving Ukraine's reputation in the international market, strengthening cooperation between private farms and agricultural producers, and establishing cooperation between agricultural producers and research institutions. In order to form and consolidate the competitive advantages of agricultural products on the global market, the following measures should be implemented:

- ensure a reduction in the costs of production and processing of agricultural products;
- establish the provision of loans and guarantees for product exports;
- develop a trade infrastructure, in particular wholesale trade in sugar;
- assess product quality by quality categories in accordance with international standards