

Impact Factor:

ISRA (India) = 1.344	SIS (USA) = 0.912	ICV (Poland) = 6.630
ISI (Dubai, UAE) = 0.829	PIHHI (Russia) = 0.234	PIF (India) = 1.940
GIF (Australia) = 0.564	ESJI (KZ) = 3.860	IBI (India) = 4.260
JIF = 1.500	SJIF (Morocco) = 2.031	

SOI: [1.1/TAS](#) DOI: [10.15863/TAS](#)

International Scientific Journal Theoretical & Applied Science

p-ISSN: 2308-4944 (print) e-ISSN: 2409-0085 (online)

Year: 2017 Issue: 04 Volume: 48

Published: 30.04.2017 <http://T-Science.org>

I.M. Posokhov

Doctor of Sciences in Economics,
Prof. of NTU "KPI", Kharkov

E.V. Chepizhko

postgraduate student,
NTU "KPI", Kharkov

**SECTION 31. Economic research, finance,
innovation, risk management.**

EVOLUTION OF THEORETICAL APPROACHES TO THE COMPETITIVENESS CONCEPTION

Abstract: *The main approaches to the analysis of competition and competitiveness of the companies have been studied; the authorship approach has been proposed, and the specific features and the main components of it were described. To analyze the specific features of competitiveness theories the main periods of evolutionary development of the economic thought were identified with regard to the competitiveness of the entities of economic activities; the main factors of competitiveness of the companies during different periods of the evolution of economic thought were specified.*

Key words: *competition, competitiveness, competition and competitiveness theory, periodization of competition and competitiveness theories, and competitiveness factors.*

Language: English

Citation: Posokhov IM, Chepizhko EV (2017) EVOLUTION OF THEORETICAL APPROACHES TO THE COMPETITIVENESS CONCEPTION. ISJ Theoretical & Applied Science, 04 (48): 177-188.

Soi: <http://s-o-i.org/1.1/TAS-04-48-29> **Doi:**  <https://dx.doi.org/10.15863/TAS.2017.04.48.29>

Introduction.

A solution of the competitiveness problem requires the formation of scientific concepts on theoretical and empiric approaches that were generated by economic scientific thought. An analysis of the historical transformation of scientific concepts on the competition and competitiveness enabled the exposure of the entire collection of characteristics peculiar for the phenomena studied. Based on the critical analysis we managed to expose and systemize the most topical of them taking into account contemporary conditions. Therefore, from our standpoint consideration should be given to scientific theories and concepts in the historical retrospection marking out the elements that are reasonable for the application to provide the business competitiveness. This is required for further development of the theoretical model constructed for the competitiveness management, taking into account the requirements and problems of contemporary economic system.

The purposes of the research done were to analyze the evolutionary development of competition and competitiveness theories with a further detection of the features of a change in the rivalry nature, the forms of rivalry and manifestation consequences; work out the periodization for the evolution of economic thought of the business competitiveness

based on the revealed steps of the genesis of theories that are related to the business competitiveness and the periods of social and economic development; detect the factors that contribute to the formation of the concept of business competitiveness at different periods of the social and economic development of the society.

The research was done based on the analysis of scientific publications written by the scientists in economics throughout the period of the XVII century to the beginning of the XXI century.

Analysis of the publications.

Scientific approaches to the studies of competitiveness problem were mentioned in the scientific papers written by A. Smith, D. Ricardo, K. Manger, F. Viser, A. Marshall, E. Chamberlin, G. Robinson, D.M. Keyence, and J. Schumpeter. Such scientists as M. Porter, K. Prakhald, G. Robinson, R. Fathutdinov et. al. made a great contribution to the development of competition and competitiveness theory. Competition and competitiveness theories were developed by doing modern scientific research; in particular the research was done by J.F. Moore, A.M. Brandenburger, B.G. Nailbaff, K. Christensen, U. Chan Kim and R. Moborn, H.C. Mung, P. Pace, Dr. Cho, etc. Among the contemporary scientific approaches to the business competitiveness



Impact Factor:

ISRA (India) = 1.344	SIS (USA) = 0.912	ICV (Poland) = 6.630
ISI (Dubai, UAE) = 0.829	PIHHI (Russia) = 0.234	PIF (India) = 1.940
GIF (Australia) = 0.564	ESJI (KZ) = 3.860	IBI (India) = 4.260
JIF = 1.500	SJIF (Morocco) = 2.031	

management we would like to mention those described in scientific papers written by G.L. Azoieva, O.O. Getman, V.I. Dubnitski, P.S. Zavialova, A.I. Kovalev, K. McConnell, B.A. Malynytski, A. Marshall, P.G. Pererva, L.I. Puddubna, M. Porter, B.A. Reizberg, V.M. Chubai, A.J. Judanova, A.I. Yakovleva, etc.

Marking out the parts of scientific problem that were not solved earlier

Analysis of the publications published by home and foreign authors involved in the studies of competitiveness problem allows us to make a conclusion that the consolidated approach to the definition of the concept and essence of the competitiveness is still unavailable, the definition and subsequent assessment are ambiguous.

It should be noted that the essence of economic processes and phenomena requires the rethinking and this is specified by the evolutionary development of competitiveness concepts and requires the additional studies of changes in the rivalry content taking into consideration the conditions of continuous market uncertainty and marking out the most substantial processes that have influence on the formation of company competitiveness.

Research data.

A concept “competition” appeared for the first time in the scientific papers of the economists at the beginning of XVII century. Etymologically, the word “competition” dates back to the Latin “concurrentia” (that means “collision”, “contest” and /or “rivalry” in English (translated as the “competition”).

Today, three basic (traditional) approaches or concepts used for the competition research can be marked out.

1) Behavioral approach (it gives consideration to the aspects related to the methods of carrying out competitive activities, principles of the choice of behavioral strategy of the Company in the market, etc)

2) Structural approach (it gives consideration to the problems of market structure, a level of its transparency or vice versa the monopolization);

3) Functional approach (It deals with the role of rivalry in the economy on the whole);

Origination and formation of the **behavioral conception** dates back to the XVII century, when market relations arose and the competition between the economically developed countries appeared. In general, terms, the essence of behavioral conception is reduced to the honest competition between the sellers (manufacturers) to have the most favorable conditions for the selling of goods. Moreover, the price method of competitive activities is considered to be the key approach. Behavioral rivalry or competition conception regulations are given in the scientific papers of the representatives of mercantilism written by E. Misselden, T. Mann, and

G. Lo and the founders of classic bourgeois political economy P. Buagilberg, U. Petti, A Smith and D. Ricardo and American economists of M. Porter, P. Heine, etc.

The mercantilists promoted the idea of improvement of the state competitiveness whose essence consists in that the State is expected to pursue an efficient money and credit policy and in particular, to support low market prices for domestic goods and form high prices for imported goods. The narrow-mindedness of the mercantilists with regard to the problem in question is seen in that they considered only the exchange sphere as the main area that provides the economy competitiveness.

Further evolution of the behavioral conception is related to the development of industry at the end of XVII century. One of the key representatives of the classic economic school Adam Smith described the behavioral conception of the rivalry in the most generalized form in his scientific paper “Investigation of the Nature and the Reason for the Wealth of Nations”. The scientist views an increase in the competitiveness from a standpoint of the consolidation and extension of market positions of the businesses by resorting to low prices and labor productivity improvement. This is reached by the in-depth division of labor and the use of innovations. Such a standpoint of the scientist reflects one of the characteristics of “competitiveness” concept in his contemporary understanding, though no consideration was given to the circumstances under which this is possible [26].

On the whole, D. Ricardo agrees with the conclusions made by A. Smith and he develops the procedural approach to the rivalry analysis. The scientist substantiated the principle of

“comparative costs” and developed the theory of comparative advantages of the countries, according to which he considered the “comparative (relative) advantage” as a basis for providing the competitiveness on the International Market and at the level of individual companies. D. Ricardo attributes the theory of absolute advantages of A. Smith to a particular case of the theory of comparative advantages [21].

Later on, the behavioral rivalry conception was improved by K. Marx and F. Engels, the representatives of the Marxist school in the political economy. K. Marx gave consideration to the capitalist production in his “Capital” manuscript (1867). The attention was paid to the economies using the constant capital, emphasizing that the rivalry makes the businesses constantly increase their capital to save it” by way of “ progressive accumulation of capital” [13, p.306]. Thus, the scientist substantiates the interconnection between the competitive recovery and the renewal of fixed capital.

Impact Factor:

ISRA (India) = 1.344	SIS (USA) = 0.912	ICV (Poland) = 6.630
ISI (Dubai, UAE) = 0.829	PIHHI (Russia) = 0.234	PIF (India) = 1.940
GIF (Australia) = 0.564	ESJI (KZ) = 3.860	IBI (India) = 4.260
JIF = 1.500	SJIF (Morocco) = 2.031	

A substantial contribution to the development of behavioral rivalry conception was made by the research done by the American economist M. Porter that was reflected in the formation of the aggregate of interrelated conceptions on the achievement of high competitiveness.

The theory of business competitiveness “the theory of competitive advantages” occupies one of the central places in the studies carried out by M. Porter. The scientist marked out the four attributes (the conditions for production factors, the state of demand, availability of related and supporting branches, and the stable strategy of the firms) that form the base for the competitive advantages of the business and in aggregate these represent the system of elements intensifying each other and contributing thus to the competitive recovery [19, p.73-77].

We support the standpoint of many scientists [28] that M. Porter doctrine has the following drawbacks; the competitiveness is viewed by the scientist as a relative category that can be evaluated only by comparing certain indicators of the activities of real and reference businesses; it fails to take into account the changes in the characteristics of the object studied in dynamics; a complexity of the assessment of business competitiveness using the strategy of diversification; and a complexity of the objective assessment of a level of the adaptation of the business to the changes in external and internal environments, etc.

M. Porter competitiveness theory enjoys wide popularity and continues to evolve despite the fact that many scientists observe the unavailability of universality and comprehend the complexity of its practical application.

Thus, the American scientist M. Enright developed M. Porter’s cluster theory in the conception of regional clusters and regional competitiveness; G. Danning developed OLI, the paradigm and the supplement to M. Porter’s rhomb of competitive advantages, and P. Kaplinski, P. Hamfry and H. Schmitz developed the value-added chain and cluster interaction conception. C. Ketels and P. Masell improved the M. Porter’s conception of competitive advantages and M. Enright’s conception of regional clusters.

Alongside with the behavioral interpretation of the competitiveness the **structural conception** of the competitiveness also enjoyed popularity at the end of the XIX century and the first half of the XX century. The founders of structural conception of competitiveness were also F. Ejuort, L. Kurno, U. Jewons, G. M. Keyence and American economists G. Robinson, E. Chamberlin, etc. Particularly these scientists laid the foundation for the understanding of market forms: perfect competition, monopolistic competition, oligopoly and monopoly.

According to this conception, the accent of research drifts from the competition (rivalry) of the

sellers (manufacturers) with each other for limited resources to the analysis of the forms and conditions of market functioning, the fact-finding of an opportunity for the influence of individual business on the total level of prices in the market. The competition is driven by the selection of more advanced technology and produced products. The methods of competition are both price and nonprice competitions. A final target of the structural competition is to establish the market equilibrium.

A substantial contribution to the development of the structural conception of competition was made by G.M. Keyence. The scientist gives consideration to the government regulation as to a sole force capable of withstanding the monopoly pressure and providing the sound competition, and it means improving the competitiveness of business [10].

Structural analysis enables the exposure of the phenomenon structure and the detection of the relations between its elements, though it cannot reflect the course of competition process. Y.V. Taranukha notes that “particularly the structural interpretation of competition is used for the analysis of trade markets and the development of competitive policy” [28, p. 39]; this can be explained by the ease of use and the clearness of interpretation of obtained data. However, a high degree of uncertainty, the mobility of external environment and also availability of transaction expenses and multitude of objectives, and the advancing globalization hamper considerably the decision taking when the structural analysis is used. The structural conception of competition prevents us from the unambiguous characterization of competition in a certain market and/or making a specific choice of the mode of action on the rivalry.

By the end of the XIX century, two different opinions on the physical world appeared in the economics and natural sciences, in particular the statistical approach of classic dynamics and the evolutionary view.

According to the evolutionary approach, any economic phenomenon is considered first of all in dynamics and secondly as the evolvable one and thirdly as endogenously evolving, i. e. due to the action of internal factors that generate innovation activities. The evolutionary approach is closely related to the institutionalism; however, it only makes use of the achievements of institutionalism.

The elements of evolutionary economic approach are available in the scientific papers of many economists, in particular F. Keene, T. Malthus, K. Marx, etc.

A considerable influence on development of the evolutionary approach and the conception of institutes and institutional dynamics that pretends to explain the most general mechanisms of the evolution of human society had the scientific papers written by D. North and his followers.

Impact Factor:

ISRA (India) = 1.344	SIS (USA) = 0.912	ICV (Poland) = 6.630
ISI (Dubai, UAE) = 0.829	PIHII (Russia) = 0.234	PIF (India) = 1.940
GIF (Australia) = 0.564	ESJI (KZ) = 3.860	IBI (India) = 4.260
JIF = 1.500	SJIF (Morocco) = 2.031	

The researchers believe that the foundation for the evolutionary economics was laid by the papers of T. Veblen "Theory of Leisure Class" (1899), J. Schumpeter "Theory of Economic Development" (1912) R. Nelson and S. Winter "Evolutionary Theory of Economic Changes" (1982).

Functional conception of the rivalry appeared in 50-60ies of the XX century as an alternative to the structural (static) approach to the competition analysis due to the use of methodological approach that fails to fit with the rivalry nature. Alternative interpretations of the rivalry the scientists attribute to the same group based on the following features: the innovation entrepreneurship serves as a basis for the evolution and competition functions are viewed as an object of analysis. A central problem of the functional approach to the rivalry analysis is to inquire into the role of rivalry in the economy, which is peculiar for the macroapproach.

The Austrian economist J. Schumpeter views the content and the form of economic development as "the realization of new combinations" in his scientific work "The Theory of Economic Development" in which he admits that qualitative changes act as the key feature of the development [25, p.172. p.402]. The scientist sees the rivalry as a continuous natural process of the competition between the old and the new, i.e. as the competition for the innovations and advantages gained from their practical use [25, p. 178]. In the Schumpeter's theory the rivalry makes no normative selection and the option winning under certain conditions has certain advantages over the others just at a given time point and under specific conditions. J. Schumpeter believes that the entrepreneurship serves as a basis for the rivalry and the competitive contest is viewed as the competition of entrepreneurship ideas in the form of spontaneous process.

Therefore, the competitive behavior in the functional interpretation is caused not by the external influence, it is a consequence of the internal motivation of the participants of competition; thus the role of managerial decisions is accentuated as a factor of the formation of company competitiveness.

Undoubtedly, the scientific paper of the Austrian economist J. Schumpeter was a substantial contribution to the economic science. However, in spite of the fact that in the Schumpeter's Theory of Economic Development the main problem was particularly the evolution of all the components of economic system many scientists believe that "it couldn't unconditionally be attributed to any specific area of economic thought, because his theory combines the elements of the evolutionism and the neoclassic trend" [27, p.70].

The ideas of J. Schumpeter were further developed in the conception of the Laureate of Nobel Prize in economics in 1974, Austrian scientist F. Hayek. Acknowledging the value of novelty, the

researcher sees a direct source of the rivalry not in the novelty, but in the imperfect information and knowledge. In this sense, "the competition fails to function among the people deprived of the entrepreneurship spirit... The conservatives that oppose the novelty suffer losses [8, p.14].

Attributing all the interpretations that are an alternative to the structural approach to the same group can be considered as a simplified approach which fails to meet present time realities and with regard to this problem we accept the standpoint of Y. V. Tarnukha. He believes that all the interpretations can be conventionally united into one conception "despite the fact that they all have general methodological imperative, first of all the dynamics" and rest on the "Schumpeter's doctrine of the innovative entrepreneurship" [28, p.45].

The evolutionary approach to the rivalry theory as a special method of economic analysis is related to the publication of scientific papers written by American economists R. Nelson and S. Winter "The Evolutionary Theory of Economic Changes".

The approach of R. Nelson and S. Winter differs by the microeconomic orientation. Characterizing the competition mechanism the authors stress that the firms function in the conditions of market uncertainty created by the activities of business entities that results in continuous changes in competition conditions, which is a direct consequence of the causative interaction of the entities with the surrounding environment that is peculiar for the evolutionary process. Such a perception of competitive environment and the conditions of company activities cardinally changes the understanding of the essence of competitive process and the behavior of its participants.

The main postulate for the rivalry analysis in the evolutionary theory is that in the conditions of uncertainty the company behavior is defined and obeys "the routines", i.e. the set of behavioral rules, knowledge, skills and techniques worked out by the firms for their own use in the course of their previous activities [17]. Innovation activities of the companies in terms of this conception are considered to be a governing factor of the competitive evolution [17].

The evolutionary theory views the existence of a long-term market unbalance as a regularity, which on the one hand is the cause of the rivalry and on the other hand, it is the natural outcome of it, and the adaptation to the continuously changing environment becomes a sole reasonable form of the rational behavior of businesses. The evolutionary theory sees the essence of competitive procedure in providing the survival and development for most competitive economic entities of market activities and the rivalry efficiency is assessed by its ability to provide the reproduction of firms that are the most adapted to the continuously changing market environment.

Impact Factor:

ISRA (India) = 1.344	SIS (USA) = 0.912	ICV (Poland) = 6.630
ISI (Dubai, UAE) = 0.829	PIHHI (Russia) = 0.234	PIF (India) = 1.940
GIF (Australia) = 0.564	ESJI (KZ) = 3.860	IBI (India) = 4.260
JIF = 1.500	SJIF (Morocco) = 2.031	

Thus, in the evolutionary process, the company acts not only as a generator of the process of search for and selection of successful “routines”, but it acts also as a link that provides the reproduction of “positive” knowledge. However, the changes in the environment will not always result in certain changes in the company behavior, because the latter agrees to replace old routines by new routines only in extraordinary circumstances.

From the standpoint of evolutionary theory, the main functions of competition are as follows: search for and selection of better solutions in the conditions of uncertainty and variability; generation and “remuneration” of proper behavioral strategies of companies; and the dissemination of knowledge. In the conception of competitive evolution, the type of market management and transformation (innovation) activities are considered to be the provision and the source of consolidation of the business competition

Evolutionary model of the company development created by R. Nelson and S. Winter is assumed as a basis for subsequent evolutionary models designed by G. Metcalf, K. Ivai, G. Henkin, V. Polterovych, G. Silverberg, G. Dossier, etc. Thus, the academician V.I. Maievsky is involved in the development of the conception of macrogenerations and he is also involved in the development of evolutionary macrotheory.

Analysis of the conceptions of modern researchers with regard to competition processes and the competitiveness described in the scientific papers written by P. Dickson (Theory of Competitive Rationality) F. Mur (Theory of Entrepreneurship Ecosystems), A.M. Brandenburger and B.G. Neilbuff (Co-competition Theory) , U. Chan Kim and R. Moborn (Blue Ocean Strategy), etc allows us to note that all of them have a common vision of the essence of competition and competitive processes and comply with the main regulations of evolutionary theory taking into account institutional conceptions. Based on the above, we believe that it is possible to add the traditional approaches to the investigation of the competition and mark out the approach of modern researchers to the analysis of competition as **evolutionary-institutional**.

Despite the availability of features peculiar for the functional conception, in particular the dynamic nature of the rivalry and the advance through transformational activities (innovation or imitation) the evolutionary-institutional approach has certain distinctions in kind.

First of all, a distinctive feature of the evolutionary-institutional approach to the competition studies consists in that the studied phenomena and processes that occur in social and economic system are considered according to

evolution laws (formation, development and decay), i.e. according to the laws of the self-organization of complicated systems.

Secondly, the main objects of research for this conception is the process of changes, exposure of motive forces and development factors in conditions of continuous change in the market and not only the definition of rivalry functions peculiar for the functional approach. The ability of competition to provide survival and reproduction of the businesses most adapted to the evolutionary market environment is viewed as the area of analysis.

Thirdly, the long-term unbalance is viewed as a regular state of the market, which is a reason for the competition, because it urges the companies to change their behavior and improve competitive strategies and it is simultaneously conditioned by competitive actions taken by market entities.

Fourthly, in addition to price and non-price options the methods of competitive activities are supplemented by the competition in the field of routines, which provides “additional measurements for the competitive process”, in particular it provides opportunities for the adaptive behavior of rivals (some of them can take the innovation route and others will copy and imitate them).

Fifthly, the process of market changes is considered as nondeterministic; it is accompanied by unpredictable results.

The competition appears as an open and irreversible process in the course of which the development of competitive conditions and simultaneously competition subjects occurs under the action of market (companies’ behavior), nonmarket (institutional) and random factors.

A generalized view of traditional and modern approaches to the investigation of basic regulations of the competition is given in Table 1.

Periodization data on the evolution process and the use of economic theories (or conceptions) and ideas on how to solve the competitiveness problem for the businesses are given in Table 2.

The first step (1776 to 1870) of the evolution of competition is characterized by the industrial revolution, the formation of the model of perfect rivalry and the development of specific features of a competitive market.

During this time period the economists proved that the competitive recovery is conditioned by the consolidation and expansion of market positions, the use of low prices, specialization on the production of products requiring low expenditures, covering a maximum share of the market with an increase in demand due to making low prices for the products, including the effect of the scale of production and an efficient organization of the company management.

Impact Factor:

ISRA (India) = 1.344
 ISI (Dubai, UAE) = 0.829
 GIF (Australia) = 0.564
 JIF = 1.500

SIS (USA) = 0.912
 PIIHI (Russia) = 0.234
 ESJI (KZ) = 3.860
 SJIF (Morocco) = 2.031

ICV (Poland) = 6.630
 PIF (India) = 1.940
 IBI (India) = 4.260

Table 1

Basic regulations of the rivalry conceptions.

Regulations	Behavioral conception (A. Smith, D. Ricardo, G. Mill, A. Marshall. K. Marx and M. Porter)	Structural conception (F. Ejuorte, A. Courno , G. Robinson, E. Chamberlin, K.R. McConnell, S. L. Brue	Functional conception (J. Schumpeter, F von Hayek. I. Kirzner)	Evolutionary-institutional conception (R. Nelson, S. Winter, P. Dickson, F. Moor, A.M. Brandenburger, B.G. Nailbuff (suggested by the authors)
1. Research area	Detecting the specific behavioral features of market agents	Competitive struggle conditions	A role of the rivalry in the economy	An ability of the competition to provide survival and reproduction of the companies that are most adaptable to the evolutionary market medium
2. Rivalry content	Competition: taking advantages	A degree of freedom in decision taking: it is defined by the parameters of the market structure	Competition for the innovations and advantages gained from their practical use	Search, selection and consolidation of “proper” behavioral strategies
3. Object of the rivalry	Rare benefits: consumers’ resources and money	Market demand; fighting for an increase in the market share	Entrepreneur concepts: new technology, new product, new management	Innovation activities: search for best solutions through the innovations, imitations or copying (a new product, a new technology, a new type of the business management, a new type of the raw material, a new market)
4. Rivalry area	Exchange sphere: commodity markets and resource markets	Exchange sphere: commodity markets and resource markets	Innovation activities: the commercialization of innovations	Innovation activities: through the interconnection of use of the routines and the innovations (an ability of the Company to define properly the innovation strategy (innovation or imitation)
5. Mode of competition	Price: a better satisfaction of market requirements	Price: providing the unit of consumer value at a lower price	Price and non-price factors	Price and non-price factors supplemented by the competition of the routines
6. Competition function	Assisting in the understanding of market signals: orientation at the production of a more valuable product	Assisting in the understanding of market signals: selection of the technology and production volume (a size of the company)	Offering incentives for the reforms: knowledge communication, finding out the best, awarding the winners	Triunity of the functions: -reproductive (those companies can survive that are most adapted to the dynamics of changes on the market); - regulative (transfer of the information and innovations); - selective (search for best solutions in conditions of the uncertainty and changeability).
7. Role of the rivalry	Economic regulation: bringing the	Contributes to the equilibrium establishment:	The generator of market changes; technological progress, coordination of	Maintenance of the evolutionary process based on the innovations



Impact Factor:

ISRA (India) = 1.344	SIS (USA) = 0.912	ICV (Poland) = 6.630
ISI (Dubai, UAE) = 0.829	PIHHI (Russia) = 0.234	PIF (India) = 1.940
GIF (Australia) = 0.564	ESJI (KZ) = 3.860	IBI (India) = 4.260
JIF = 1.500	SJIF (Morocco) = 2.031	

production structure to conformity with the demand structure	demand and supply regulation	actions in the conditions of market uncertainty and imperfect knowledge
--	------------------------------	---

It compiled by the authors.

Table 2

Using economic theories (conceptions) and ideas to solve business competitiveness problems.

Years	Title of the development	Outstanding representatives and authors of the development	Solving business competitiveness problems	Competitiveness factors
First step (1776 to 1870)				
Industrial revolution. A model of the perfect rivalry is formed and specific features of the competitive market are developed				
1776	Theory of absolute competitive advantage	A. Smith	An increase in the competitiveness is conditioned by the strengthening and expansion of market positions, use of low prices, an increase in the production output due to the specialization of labor and the cooperation [26].	Appropriate labor productivity Producing the products at lower prices in comparison with those fixed by the rivals Industrial scale Economies due to the use of the fixed assets of production. Efficient organization of the business management
1817	Theory of comparative competitive advantage	D. Ricardo	To become competitive, the business has to specialize on the product output with low expenditures [21].	
1838	“Studying the mathematical principles of the theory of wealth”	A. Curnow	The scientist believes that a top level of the competitiveness can be achieved through the coverage of a maximum share of the market with an increase in the demand due to fixed low prices for the products [3].	
1848	Principles of political economy	G. Mill	The scientist relates an increase in the level of competitiveness to the production scale; the larger the production scale the lower the prices the business can fix for its products From the standpoint of the scientist an efficient organization of the business management is one more factor of the competitiveness [15].	
Second Step (1890-1940)				
Economy industrialization. Formation of monopolistic structures and monopolies. Monopolistic competition				



Impact Factor:

ISRA (India) = 1.344	SIS (USA) = 0.912	ICV (Poland) = 6.630
ISI (Dubai, UAE) = 0.829	PIHHI (Russia) = 0.234	PIF (India) = 1.940
GIF (Australia) = 0.564	ESJI (KZ) = 3.860	IBI (India) = 4.260
JIF = 1.500	SJIF (Morocco) = 2.031	

1890 - 1891	Equilibrium theory of the company and subsidiary	A. Marshall	To achieve a level of competitiveness the firm has to use more efficiently the assets and production factors in comparison with the rivals; this provides an opportunity for the minimization of costs and as a result the earning of a maximum profit [14].	An efficient use of production assets and factors Ability of the managerial staff to adequately react to the changes in external environment, predict them and take proper decisions. Ability of the managerial staff to introduce innovations. Price differentiation Product differentiation on the basis of non-price characteristics and promotion conditions. Efficient government regulation of the market economy.
1912	Theory of efficient competition	J. Schumpeter	Achieving a level of the competitiveness is conditioned by the ability of the Company to adapt its activity to dynamic changes in the external environment. The scientist relates the ability of the business to compete to the ability of taking proper managerial solutions with regard to the choice of the types of activities and the introduction of innovations [25].	
1933	Theory of imperfect monopolistic competition	G. Robinson, E. Chamberlin	The role of price and non-price factors in the formation of competitive advantages of the business was defined. The business can achieve a level of competitiveness due to the differentiation of the products on the basis of detection of unique characteristics of the product and the conditions for the selling of it [23,24].	
	“General theory of employment, interest and money”, 1936	G.M. Keyence	The effect of government regulation of the market economy was substantiated as a factor of the business competitiveness. Using such regulation it is possible to have an effect on the inflation, employment, eliminate the imbalance in demand and supply and suppress economic crises [10].	
1939	“Cost and Capital, 1939	G. Hix	Management of the competitiveness using the methods of price competition and defining an optimal size of a decrease in price to increase the demand. One of the indicators of successful economic activities is the preparedness of business for the quick response to the uncertainty of economic systems [9].	
Third step (1940-1990) Toughening competitive relations, searching for the effective strategies of competitive fighting to win the leading position on the market .				
Middle of the XX century	Specialization of labor is restricted by a size of the	G. Stigler	A principle of the survival and a principle of a minimum scale of the efficiency were substantiated	Ability of the managerial staff to

Impact Factor:

ISRA (India) = 1.344	SIS (USA) = 0.912	ICV (Poland) = 6.630
ISI (Dubai, UAE) = 0.829	PIHHI (Russia) = 0.234	PIF (India) = 1.940
GIF (Australia) = 0.564	ESJI (KZ) = 3.860	IBI (India) = 4.260
JIF = 1.500	SJIF (Morocco) = 2.031	

	market” 1951 “Production Scale Economies” (1958) Theory of efficient competition		as the conditions for successful functioning of the companies. A success in competitive fighting depends on the integration in the either branch and the possession of vital economic information [3].	hire the personnel that have the system of knowledge and skills for taking team decisions.
1967	Theory of industrial society, 1967	D.K. Galbraith	The scientist casts a special role in achievement of a level of the competitiveness to the managerial staff of the company, in particular the personnel that have the system of knowledge and skills, special knowledge and an ability or experience in the team decision taking [6].	Possession of topical information. Ability to develop internal managerial potential of a firm Choice of the proper strategy for the activities
1982	Theory of competitive revolution	G. Nelson, S. Winter	The business competitiveness is achieved due to the ability to develop the innovation potential of the company [17].	Ability to develop the innovation potential of the company.
1990ies	Theory of competitive advantages	M. Porter	The business competitiveness is achieved due to the realization of one of the three alternative strategies of company behavior: 1) absolute leadership in costs; 2) product differentiation; 3) focusing on a certain group of the buyers, the types of products and a geographic segment of the market [19].	Ability of the company to foresee the future market configuration Ability to make use of valuable, exclusive and unique resources of a firm.
80-90ies	Theory of competitive rationality	P. Dixon	The business competitiveness is achieved due to the ability to develop the internal managerial potential of a firm [2].	
1995	Market leadership assurance concept	M. Tracy, F. Wirsem	The business competitiveness is achieved due to the ability to strive for leading positions on the market using one of the three basic strategies [29].	
1990ies	Concept of “the strategy of nonlinear changes” and “key competences”	G. Hamel, K. Prakhalad, V. Ramaswami	The business competitiveness is achieved due to the ability of the company to foresee the future market configuration [20].	
Fourth step (90ies of the XX-XI centuries) Globalization, hypercompetition, and the economy informatization. Innovative development. Setting up new markets and new market niches based on the innovations. Combination of the competition and the cooperation – “co-competition”.				
1990ies	Theory of knowledge management	K. Wiing , P. Senge. I. Nonaki and H. Takeuti, T. Davenport and L. Prusak	Knowledge is considered as a basis for the creation of competitive products and services offered by the Company in the market. The knowledge management becomes in its turn the technology that allows the companies to hold a beneficial competitive position [18].	Special knowledge and skills management system Ability to establish mutual relations with the competitive environment as the
1996	A model of	G.F. Moore	Competitiveness is achieved due	system of

Impact Factor:

ISRA (India) = 1.344	SIS (USA) = 0.912	ICV (Poland) = 6.630
ISI (Dubai, UAE) = 0.829	PIHIQ (Russia) = 0.234	PIF (India) = 1.940
GIF (Australia) = 0.564	ESJI (KZ) = 3.860	IBI (India) = 4.260
JIF = 1.500	SJIF (Morocco) = 2.031	

	“entrepreneurial ecosystems”, a concept of the co-evolution”		to the ability to establish the interrelations with the competitive surrounding by transforming it into the system of cooperating entities [16]	cooperating entities. Ability to combine a net competition with the cooperation
1996	Theory of “co-competition”	A.M. Brandenburger B. G. Nailbaff	Competitiveness is achieved by the company due to its ability to make use of flexible combinations: combine a net competition with the cooperation [1]	Ability of the company to create and introduce new goods and services in principle.
1997	A model of “breakthrough innovation technologies”	K. Kristensen	Competitiveness is achieved by the company due to its ability to create and introduce cardinally new goods (services) that can satisfy better the demands of consumers [10].	Ability to create new markets, market niches based on the introduction of innovations
2005	Concept of “the strategy of blue ocean”	U. Chan Kim, Rene Moborn	Competitiveness is achieved by the company due to the creation of new markets and market niches based on the introduction of the innovations into the industry or business organization [22]	
2006 to 2007	Theory of “competitive advantages based on the interaction”	G. Glur, E. Lank A. Mac Cormack	Innovative development based on the cooperation is a priority source of competitive advantages in globalization conditions. The concept of “the networks of innovative interaction” as a source of innovative competitive advantages was introduced [7,12]	

It compiled by the authors.

The second step (1980 to 1940) of the rivalry evolution is characterized by the economy industrialization and appearance of the monopoly and the monopolistic competition.

During this time period the economists substantiated the effect of the government control of market economy, i.e. the factor of business competitiveness, exposed the effect and the role of non-price factors required for the survival and achievement of the level of competitiveness, they grouped competitiveness factors into the classes (price and non-price) based on certain features and proceeded to the consideration of the tools of action on them.

At this stage of development of the economic thought the scientists began to mark out the managerial personnel of the company as a weighty factor of the competitiveness.

The third step (1940ies to 1990ies) of the competition evolution is characterized by that the competition revived with a boosting energy after it had proved its efficiency in comparison with the monopoly. The representatives of the third step of the evolution of competitiveness theory extended the conclusions of their predecessors on the essence of competition, focusing their attention on development

of the general technique for the revelation of unique competitive advantages and the formation of strategic instrumentation for the competitiveness management.

At the fourth step of the development (90ies of the XX to XI century) the competition acquires new features, in particular innovative. Today the firms focus their attention not only on an increase in the market share, but also on the creation of new values specific for the Customer. The main goal of the modern rivalry is considered to be not the maximization of the profit and the minimization of losses, but the creation of appropriate conditions for the stable business development.

Today, a competitive fighting is carried on first of all to win the engineering leadership and gain a priority in the revelation of new markets and the transformation of available markets using innovative competitive advantages, the business integration, and making the weak sides strong.

The innovative updating, the technology and status domination, and also an efficient use of flexible interactive methods of competitive fighting based on the principles of lead and programming, and the managerial manipulation by the economic

Impact Factor:

ISRA (India) = 1.344	SIS (USA) = 0.912	ICV (Poland) = 6.630
ISI (Dubai, UAE) = 0.829	PИИИ (Russia) = 0.234	PIF (India) = 1.940
GIF (Australia) = 0.564	ESJI (KZ) = 3.860	IBI (India) = 4.260
JIF = 1.500	SJIF (Morocco) = 2.031	

behavior of potential rivals serve as a basis for such modifications [4].

Certain changes in the content of the competition and competitiveness are manifested by a change of organizational and institutional mechanisms, and also of the interlevel interaction of economic agents. The approaches to the competitiveness and the factors of its formation studied at a level of the company can conventionally be subdivided into the following:

- 1) a competitiveness of the firm is correlated with the factors external with regard to the firm that are linked to the branch and the country of location;
- 2) a competitiveness is defined by internal factors inherent in the firm;
- 3) available and developed abilities, skills and the terms of reference of the firm serve as a basis of the competitiveness;
- 4) Importance both of the competition and the cooperation and simultaneous rivalry and cooperation (theory of "co-competition based on the game theory).

Thus, the competitiveness in contemporary conditions is considered to be an inseparable part of the competitiveness of economic system in which it functions. Consequently, the development of the theory of business competitiveness was accompanied by a gradual transformation of the theories of product competitiveness into the theories of competitiveness of economic system.

Conclusions.

Switching over to a new form of competitive relations is peculiar for contemporary period of the

economy development characterized by the globalization of the world economy, an increase in the level of uncertainty, the creation of innovative products, advance of the information revolution and expansion of the sphere of services. To create an efficient system for the business competitiveness management it is necessary to take into consideration the research data of competitiveness theory at all the stages of evolution and also specific features of the state-of-the-art evolutionary –institutional approach to the analysis of business competitiveness;

- viewing the firm and its competitive environment as to the system of cooperating entities;
- identifying key competences and key assets of the company that allow it to hold firm positions among the subjects of co-competition, preventing them from the domination in the relations;
- using and combining the resource and market approach to the definition of own competitive advantages and the competitive advantages of partner rivals;
- viewing the firm as a part of a broader social milieu, i. e. in the context of social and ecological environment;
- having an ability to create new markets, market niches based on the introduction of innovations.

Hence, in order to be efficient the companies need to take into account the conceptions of cooperation when doing business, knowledge management, breakthrough innovations, creation of new markets in the future that form key advantages in the competitive fighting and can be used as efficient methods of the competitive recovery.

References:

1. Brandenburger AM (1997) Co-opetition: A Revolution Mindset That Combines Competition and Cooperation: The Game Theory Strategy That's Changing the Game of Business / A. M. Brandenburger – NY: Currency, 1997. – 304 p.
2. Dikson P (2016) Upravlenie marketingom: per. s angl. / P. Dikson [Elektronnyy resurs] Available: <https://profilib.com/chtenie/123520/piter-dikson-upravlenie-marketingom.php> (Accessed: 17.12.2016 12:26)
3. Dovbenko MV, Osik YI (2011) Sovremennyye ekonomicheskie teorii v trudah nobeliantov. M.: Akademiya estestvoznaniya. p. 341.
4. Dyatlov S (2012) Innovatsionnaya giperkonkurentsia kak faktor razvitiya ekonomicheskoy sistemy. // Ekonomist. № 5. p. 69-76.
5. Fathutdinov RA (2008) Upravlenie konkurentosposobnostyu organizatsii: Praktikum. M.: Market DS. – 208p.
6. Gelbreyt D (2008) Novoe industrialnoe obschestvo. Izbrannoe / Dzhon Kennet Gelbreyt; per. s angl.: P. A. Alyabev. – Moskva: Eksmo, 2008. – 1197 p. – ISBN 978-5-699-23657-2.
7. Gloor Peter A (2006) Swarm Creativity. Competitive advantage through Collaborative Innovation Networks / Peter A. Gloor. – Oxford University Press. – 215 p.



Impact Factor:

ISRA (India) = 1.344	SIS (USA) = 0.912	ICV (Poland) = 6.630
ISI (Dubai, UAE) = 0.829	PIHHI (Russia) = 0.234	PIF (India) = 1.940
GIF (Australia) = 0.564	ESJI (KZ) = 3.860	IBI (India) = 4.260
JIF = 1.500	SJIF (Morocco) = 2.031	

8. Hayek F (2009) Smyisl konkurentsii// Sovremennaya konkurentsia. № 3(15) - p. 18-28.
9. Hiks RD (2017) Stoimost i kapital / Dzh. R. Hiks. [Elektronnyy resurs] Available: <http://library.tneu.edu.ua/files/EVD/HTML/hiks/hiks.htm> (Accessed 10.01.2017 22:26)
10. Keynes DM (2007) Obschaya teoriya zanyatosti, protsenta i deneg. Izbrannoe. M.: Eksmo. 2007. – 153 p.
11. Klayton M. Kristensen (2017) Dilemma innovatora. Kak iz-za novyih tehnologiy pogibayut silnyie kompanii / Kristensen M Klayton; Per. s angl. — M.: Alpina Publisher, 2017. — 240 p.
12. Mac Cormac A (2007) Innovation through global Collaboration: A new source of Competitive Advantage / Alan MacCormac, Theodore Forbath, Peter Brooks, Patrick Kalaher // Wipro Technologies. Harvard Business School. Boston, MA. – 2007. – August 14. – p. 33-51.
13. Marks K (1975) Kapital. Kritika politicheskoy ekonomii / K. Marks; pod red. F. Engelsa. – T. III. – Ch. I. – M.: Politizdat, – 1975. – 508 p.
14. Marshall A (2007) Osnovy ekonomicheskoy nauki. Predislovie D. M. Keynsa. M.: Eksmo. 2007. – 832 p.
15. Mill DS (1980) Osnovy politicheskoy ekonomii i nekotoryie aspekty prilozheniya ih k sotsialnoy filosofii / Dzh. S. Mill. – T. I. – M.: Progress, 1980. – 495 p.
16. Moore JF (1996) The Death of Competition / J. F. Moore. – NY: Harper Business. – 297 p.
17. Nelson RR (2002) Evolyutsionnaya teoriya ekonomicheskikh izmeneniy: per. s angl. / R. R. Nelson, S. Dzh. Uinter. – M.: Delo. – 536 p.
18. Nonaka I, Takeuchi H (2011) Kompaniya – sozdatel znaniy. Zarozhdenie i sozdanie innovatsiy v yaponskih firmah: per. s angl. / I. Nonaka, H. Takeuchi, – M.: ZAO «Olimp-biznes». – 384 p.
19. Porter ME (2016) Konkurentnaya strategiya: metodika analiza otrasley i konkurentov / M. E. Porter; per. s angl. – M.: Alpina Publisher, 2016. – 454 p.
20. Prahald KK (2005) MaybutnE konkurentsIYi. Tvorennaya unIkalnoYi tsInnostI spIlno Iz kllIEntami / K. K. Prahald, V. Ramasvami. – K.: Vid-vo Olesya Kapusti, 2005. – 258 p.
21. Rikardo D (2007) Nachala politicheskoy ekonomii i nalogovogo oblozheniya. M.: Eksmo. – 960 p.
22. Rene Moborn, V. Chan Kim (2017) Strategiya golubogo okeana. Kak nayti ili sozdat ryinok, svobodnyiy ot drugih igrokov / Moborn Rene, Kim V. Chan; per. s angl. – M.: Izd-vo «Mann, Ivanov i Ferber». – 336 p.
23. Robinson D (1986) Ekonomicheskaya teoriya nesovershennoy konkurentsii. M.: Progress. - p. 65-84.
24. Chemberlin EH (2008) Teoriya monopolisticheskoy konkurentsii. M.: Direktmedia Pablising. – 411 p.
25. Shumpeter YA (2007) Teoriya ekonomicheskogo razvitiya. Kapitalizm, sotsializm, demokratiya. M.: Eksmo. – 864 p.
26. Smit A (2009) Issledovanie o prirode i prichinah bogatstva narodov: per. s angl. / A. Smit. – M.: Eksmo. – 960 p.
27. Sopin VS (2009) Evolyutsionnaya teoriya v ekonomicheskoy nauke: problemy i perspektivy / V. S. Sopin // Problemyi sovremennoy ekonomiki. № 3(31) - p. 68-73.
28. Taranuha YV (2012) Konkurentsia: sistema i protsess. – M.: Izd-vo «Delo i Servis». – 672 p.
29. Treacy M (1993) Customer Intimacy and Other Value Disciplines / M. Treacy, F. Weirsema // Harvard Business Review. № 1. – p. 84–93.

