
Competitive Potential of Trade Organization: Theoretical and Methodological Foundations of Formation and Realization

Nadezhda A. Serebryakova¹, Sergey V. Semenenko², Natalya V. Grishchenko³, Tamara Y. Ulchenko⁴

Abstract:

Problematics of competitive potential of organization does not have any multi-disciplinary limitations of research. Study of competitive potential in connection with factors of its formation and conditions for realization, including competition, competitiveness, and competitive advantages of organization, was conducted by many scientists. At that, in view of sectorial specifics, there is domination of works devoted to study of competitive potential of production, not trade, organizations. Idea of sense, content, and structure of competitive potential, factors and conditions of its dynamics are not characterized by integrity of opinions, which leads to necessity for specification of theoretical aspects of formation of competitive potential. Methodology of study of competitive potential of organization in part of substantiation of evolutionary approach and development of methodological tools which ensure its realization in analytical practice requires further development. Trade organizations have a need for concept and tools of development of competitive potential which correspond to modern realia of development of competitive relations in consumers market. These problems on the whole determine hypothesis of research and predetermined formulation of its goal and tasks. The purpose of the research consists in setting and solving scientific problem in the sphere of specification of theoretical aspects of formation of competitive potential in regard to specifics of activities of trade organizations, development of methodology, and methodological provision of its study, concept, and tools of development. In the conducted research, the authors distinguish the main aspects of treatment of competitive potential of organization and perform structuring of competitive potential of trade organization and determined conditions for provision of its dynamics; methodological approaches to study of competitive potential of organization are generalized, and evolutionary approach and its methodological instrumentarium are substantiated; factors and conditions of realization of competitive potential of trade organizations are studied. Recommendations, formulated in the article, could be used for solving problems related to creation of new competitive advantages of enterprises and their effective realization.

Key Words: competition, potential, organization, formation, development.

¹ Federal State Budgetary Educational Institution of Higher Professional Education “Voronezh State University of Engineering Technologies”, Russian Federation

² Federal State Budgetary Educational Institution of Higher Professional Education “Voronezh State University of Engineering Technologies”, Russian Federation

³ Federal State Budgetary Educational Institution of Higher Professional Education “Voronezh State University of Engineering Technologies”, Russian Federation

⁴ Autonomous non-profit organization for higher education “Voronezh Institute of Cooperation” (branch), Voronezh, Russian Federation

1. Introduction

Modern consumer market is characterized by complex of immanent tendencies of development which reflect specifics of competitive relations, peculiar for it. They include increase of density of competition, caused by quick quantitative growth of trade organizations with relative stability of consumer contingent; territorial expansion of large trade networks to administrative limits of municipal entities which created serious problems for “entering” the market for small and micro-enterprises; quickened development of E-commerce which forms alternatives for trade offers in virtual environment and its growing popularity among consumers due to increased problem of deficit of free time for making purchases in stationary trade network, etc. (Serebryakova Nadezhda, Gryshchenko Natalia, Syroizhko Valentina, 2014). These and other tendencies of development of competitive environment of consumer market are largely determined by the state and level of use of competitive potential of organizations which function in this market (Arenkov I.V., 2011). This obvious condition leads to necessity for complex scientific study of competitive potential of trade organizations for determining perspectives of its sustainable strategic development.

Emergence of terminology of competitive potential of organization is predetermined by development of competition, expansion of content of potential due to appearance of new types of resources, capabilities, and possibilities, created by new conditions of economic activities in competitive environment (Semenenko, S.V., 2012). Treatments of competitive potential of organizations are very diverse: they can be of value, commodity, relational, strategic, behavioral, structural, causal, and evaluative nature.

We think that competitive potential of trade organization should be treated as systemic totality of its possibilities and capabilities in functional sphere of trade activities, emerged with the help of transformation of organization into competitive potential under the influence of competition, determined by presence of actual competitive advantages and their use in realized component of competitive potential (reflected by actual competitiveness of organization) and potential competitive advantages in reserve component of competitive potential (reflected by strategic competitiveness of organization), which are realized in competitive potential under the conditions of presence of key competences of trade organization (Semenenko, S.V., 2014).

Like any other economic phenomenon, competitive potential of trade organization is not stable. Primarily, it is determined by its essential characteristics (possibilities and capabilities), which are subject for formation, use, and development – i.e., classical stages of dynamics (Voytsekhovskaya I.A., 2006). Besides, dynamics of competitive potential is determined by existence of special conditions: competition (basic), competitive advantages of trade organization and its key competences (providing), competitiveness (condition which results in transformation of competitive advantages into key competences of organization) (Yuriy A. Salikov, 2015).

Competition forms and develops in market environment which is external as to trade organization, so it is an objective condition for change of competitive potential of organization. Its influence on dynamics of competitive potential is substantiated from positions of behavioral, structural, and functional treatment of competition (Serebryakova N.A., 2014). Providing conditions of change of competitive potential of trade organization (competitive advantages and key competences) are conditions of subjective character which are formed, used, and developed not only by environment but also by economic activities of trade organization in functional and sectorial sphere (Golubkova E.N., 2013). Providing conditions change in two directions simultaneously: from the point of view of evolutionary movement through classical stages of dynamics; from the point of view of essential changes of competitive advantages and their essential transformation into key competences of organization. Classification of competitive advantages is based on attributes of environment of formation, level of sustainability, mutual influence, possibility for resources maneuvers, and period of manifestation (Nadezhda Serebryakova, Elena Sibirskaia, Olesya Stroeva & Innara Lyapina, 2014). Resulting condition for transfer of competitive advantages into key competences of trade organization

is its competitiveness, divided into factual (in part of factual usage of competitive advantages of organization) and strategic (in part of potential usage of key competences of organization) (Serebryakova N.A., Ulchenko T.Y., Pankova N.M. 2015).

Competitive advantages of trade organization are a basis for formation of its key competences, the sense of which is determined in interconnection with competitive potential, resources, competitive advantages, and competitiveness, which is proved by results of analysis of treatments of key competences (Alexander I. Khorev, 2015). Competitive advantages are viewed as a cause, and key competences – as a consequence.

Thus, from positions of dynamics, competitive potential of trade organization; is a totality of realized capabilities in the process of functioning of trade organization which create its competitive advantages; reflects actual use of possibilities of trade organization and reserves for their growth which determine actual and strategic competitiveness; is oriented at growth of capabilities and possibilities in strategic time perspective; conditions for it are created by key competences which are unique for trade organization.

The basis for formation of authors' position was the conducted study of methodological approaches to study of competitive potential of organization. It was determined that they are characterized by significant diversity as to accents at various aspects of study of competitive potential (Semenenko, S.V., 2013).

An objective precondition for development of proprietary methodological approach to study of competitive potential of trade organization – evolutionary one – was aptitude of evolutionary development of trade organization's competitive potential to complex influence of economic laws, laws of systemic organization (ontogenesis, synergy, and self-preservation), and laws of systems development (Semenenko, S.V., 2014). This is proved by the fact that conduct of economic activities of market members requires not only the presence of corresponding potential but special order of its realization.

Conditions of evolutionary development of competitive potential of trade organization are as follows: gradual transfer of reserves into factually used resources and creation of new reserves which will be used in perspective with development of competitive potential (Serebryakova N.A., 2014). Sense of evolutionary approach to study of competitive potential of trade organization is found with the help of distinguishing the methodological provisions, determined by essential characteristics of competitive potential: systemic development of competitive potential by means of interconnections of its structural components – systemic structuring (characteristic of potential); aptitude of life cycle of competitive potential to influence of competitiveness – high speed of changes; orientation at intensive use of resources by means of transfer from quantitative resource growth into qualitative resource development – high dependence on resource base and its dynamics' vector (Nadezhda Serebryakova, Elena Sibirskaya, Olesya Stroeva & Elena Petrushina, 2014); determination of reserves as sources of development and not of competitive potential – objective availability of reserves; evolutionary transfer of competitive advantages of organization into its key competences – presence of providing conditions for development; evolutionary transfer of factual competitiveness into strategic, predetermined by interconnection of realized and reserve components of competitive potential – basic condition of competitiveness formation (characteristics of potential) (Zhuravlev Y.V., 2011).

1.1. Research methods

Choice of methodological basis is predetermined by view of competitive potential of organization as a systemic structured entity, formed by determinants of development of competitive environment of consumer market. The research is based on systemic, dialectical, and evolutionary approaches and methodology of complex use of methodological instrumentarium, developed within various topical areas of scientific cognition of phenomena and processes of economic reality.

Research tasks of applied nature were solved with the help of methods of economic & statistical, index, factor, comparative, marketing, and strategic analysis, abstract & logical and graphical modeling, models of sustainable economic growth, system of well-balanced indicators, and benchmarking.

Theoretical basis of the research included fundamental and applied works of classics and contemporaries of economic science, devoted to problematics of competitive potential; proceedings of international and Russian scientific & practical conferences; scientific publications, including ones from E-resources of the Russian system of scientific citation and periodical scientific publications; monographic works of researchers.

Informational basis of the research is presented by legislative and normative acts of the RF, instructional and methodological materials of executive power bodies in the sphere of regulation of competitive relations of consumer market, official data of the Federal State Statistics Service, and accounting and statistical data of trade organizations. The authors also used informational resources of the Internet and results of proprietary empirical research of competitive potential of trade organizations.

1.1.1. Analysis result

A precondition for conduct of analytical research of factors and conditions of realization of competitive potential of trade organizations was evaluation of sectorial tendencies of development of competitive environment in trade sector of Russian economy and regions of the Central Federal District.

The directions of evaluation were the following: “density” of competitive environment and determination of tendencies of its development as to types of subjects and types of organizations, provision of population with trading areas; scale of activities of trade organizations with an accent on structure of turnover of retail trade and contribution of retail trade networks into its formation; dynamics of resource (product) provision of realization of competitive potential of trade organizations; dynamics of resource (labor) provision and character of use of “labor” components of competitive potential of trade organizations (Semenenko, S.V., 2014).

There is an increase of organization of retail sales, caused by growth of quantity of organizations, maximal as to organizations which conduct retail sales outside of stores (by order – TV stores, Internet, etc.). Significant regional differentiation of the number of stationary retail objects of sales (stores, including hyper- and supermarkets, convenience stores, mini-markets; pavilions, booths), together with different number of citizens of regions of the Central Federal District, are the factors which influence provision of population with trade areas, calculates according to objects of stationary retail sales and average number of population per one store. According to these criteria of evaluation, the leading positions in “density” of competitive environment in trade belong to Moscow and Moscow Oblast, with Ivanovo Oblast being outsider.

Turnover of retail sales for territories on the whole and per capita is characterized by progressive growth and forms mainly by means of activities of trade organizations. At that, positions of leader and outsider are changed vice versa: the leader is Ivanovo Oblast, and outsider – Moscow Oblast. Distribution of regions as to size of “per unit” indicator of turnover (Table 1) showed significant shift to the side of higher values of its interval row, with even distribution of regions on the scale of gradations of basic rate of growth of turnover of retail trade per capita.

Table 1. Distribution of subjects of the Central Federal District as to value of retail sales turnover per capita in 2008 and 2012 and as to basic rate of growth for the period

Retail sales turnover per capita			Basic rate of growth of retail sales turnover per capita		
1	2		3	4	5
Interval, RUB	number of regions in group		2012 compared to 2008, (+,-)	interval, %	number of regions in group
	2008	2012			
up to 60,000	3 (Vladimir, Ivanovo, Kostroma Oblasts)	-	-3	up to 150.0	2 (Moscow, Moscow Oblast)
60,001-70,000	3 (Bryansk, Kursk, Orel Oblasts)	-	-3	150.1-160.0	1 (Ryazan Oblast)
70,001-80,000	10 (Belgorod, Voronezh, Kaluga, Lipetsk, Ryazan, Smolensk, Tambov, Tver, Tula, Yaroslavl Oblasts)	-	-10	160.1-170.0	8 (Kaluga, Kursk, Orel, Smolensk, Tambov, Tver, Tula, Yaroslavl Oblasts)
80,001-90,000	-	-	-	170.1-180.0	3 (Belgorod, Kostroma, Lipetsk Oblasts)
90,001-100,000	-	1 (Kostroma Oblast)	+1	180.1-190.0	2 (Bryansk, Vladimir Oblasts)
100,001-130,000	1 (Moscow Oblast)	12 (Belgorod, Bryansk, Vladimir, Ivanovo, Kursk, Orel, Ryazan, Smolensk, Tambov, Tver, Tula, Yaroslavl Oblasts)	+11	190.1-200.0	1 (Voronezh Oblast)
more than 130,000	1 (Moscow)	5 (Voronezh, Kaluga, Lipetsk, Moscow Oblasts, Moscow)	+4	more than 200.0	1 (Ivanovo Oblast)

Dynamics of contribution of retail sales networks into formation of retail sales turnover is characterized by sustainable growth. Vladimir Oblast is the leader as to this indicator. Provision of trade organizations with commodity stock in monetary form corresponds to dynamics of rates of growth of retail sales turnover, with stabilization of commodity stock, calculated in sales days, in the period of critical phase of the global economic crisis, which shows organizations' refusal from purchase of excessive commodity resources.

Trade sector of economy is always "attractive" for population employment, with clear tendency of increase of the number of the employed – but dynamics of movement of employees is negative – as to number of hired and the number of fired employees. The main reason for this is reduction of the number of created jobs with simultaneous growth of liquidated jobs, which shows acceleration of their "turnover", i.e., higher speed of change of employees at jobs, and on the whole – it shows reduction of trade organization's need for labor resources due to economic crisis.

At that, the crisis didn't influence significantly the dynamics of growth of average monthly accrued wages of trade organization employees. Dynamics of efficiency of their labor has an "abrupt" character. Comparison of chain rates of its growth with chain rates of growth of average monthly accrued wages of employees shows extensive character of use of labor resources.

Analysis of dynamics of indices of entrepreneurial trust in retail trade and consumer trust in consumer sector showed its opposite direction: the 1st index grows, and the 2nd – reduces.

Material provision of competitive potential of trade organizations and effectiveness of its use were analyzed in view of requirements to comparability of objects, specificity of research period, and accessibility of information.

Comparability of research objects is predetermined by their functioning in the same segment of consumer market of Voronezh: DELK CJSC – wholesale trade through agents (on a fee or contract basis); Showroom Severniy LLC – trade; Samson-Opt LLC – wholesale and retail trade. Research period covers 2009-2013, and the main informational source is accounting statistics of organizations which contains monetary evaluation of economic processes which characterize material component of competitive potential and predetermine effectiveness of the use of existing resources.

Indicators of property state of trade organizations were analyzed: currency of balance, cost of capital, cost and structure of fixed and current assets, as well as factors which influence formation of competitive potential of trade organizations – state and dynamics of debt (debit and credit), dynamics of level of commercial expenses as to revenue (sales revenue), dynamics of revenue and cost of sales, and profit dynamics (from sales, before taxes, net).

Special attention was paid to analysis of indicators of effectiveness of use of material resources of trade organizations, with indicators of effectiveness of use of labor resources - labor efficiency and labor intensity of turnover (Table 2).

Table 2. Dynamics of indicators of effectiveness of use of resources of certain trade organizations of Voronezh for 2009-2013

Name of organization	2009	2010	2011	2012	2013	2013 compared to 2009, (+, -)
1	2	3	4	5	6	7
Capital productivity of fixed assets, RUB thousand/ RUB thousand						
DELK CJSC	217.66	329.02	441.27	39.36	20.40	-197.26
Showroom Severniy LLC	5.01	7.32	10.64	11.36	11.77	6.76
Samson-Opt LLC	3.22	3.36	2.66	2.09	2.36	-0.86
Capitalization ratio of fixed assets, RUB thousand/ RUB thousand						
DELK CJSC	0.0046	0.0030	0.0023	0.0254	0.0490	0.0444
Showroom Severniy LLC	0.1996	0.1366	0.0940	0.0880	0.0850	-0.1146
Samson-Opt LLC	0.3105	0.2979	0.3755	0.4795	0.4243	0.1138
Capital-labor ratio of fixed assets, RUB thousand / person						
DELK CJSC	13.70	12.10	10.68	122.81	271.85	258.15
Showroom Severniy LLC	343.81	309.61	293.05	282.85	265.86	-77.95
Samson-Opt LLC	1,734.68	1,766.02	2,462.29	3,076.04	2,718.69	984.01
Profitability of fixed assets (as to net profit), RUB thousand/ RUB thousand						
DELK CJSC	8.50	14.06	18.87	1.93	1.07	-7.43
Showroom Severniy LLC	0.21	0.24	0.34	0.35	0.32	0.11
Samson-Opt LLC	0.16	0.08	0.12	0.12	0.13	-0.03

Working capital turnover, number of turns						
DELK CJSC	12.16	7.92	6.47	6.64	8.65	-3.51
Showroom Severniy LLC	3.20	3.72	4.43	4.17	4.11	0.91
Samson-Opt LLC	1.99	1.31	1.84	2.45	2.72	0.73
Working capital turnover, days						
DELK CJSC	30	45	56	54	42	12
Showroom Severniy LLC	113	97	81	86	86	-27
Samson-Opt LLC	181	275	196	147	132	49
Profitability of working capital (as to net profit), RUB thousand/ RUB thousand						
DELK CJSC	0.47	0.34	0.28	0.33	0.45	-0.02
Showroom Severniy LLC	0.13	0.12	0.14	0.13	0.11	-0.02
Samson-Opt LLC	0.10	0.03	0.09	0.14	0.15	0.05
Labor efficiency, RUB thousand / person						
DELK CJSC	5,741.2	3,981.1	4,712.8	4,834.3	5,547.1	-194.1
Showroom Severniy LLC	1,722.4	2,266.9	3,117.7	3,211.8	3,129.3	1,406.9
Samson-Opt LLC	5,587.5	5,433.9	6,557.6	6,414.5	6,407.2	819.7
Labor intensity of turnover, people						
DELK CJSC	34	25	21	21	18	-16
Showroom Severniy LLC	58	44	32	31	32	-26
Samson-Opt LLC	18	18	15	16	16	-2

It is found that objective differences in property state of studied trade organizations are determined by the state and dynamics of their economic resource potential which influenced the effectiveness of the use of material provision of competitive potential.

Study of nonmaterial factors of formation of type structure of competitive potential of trade organizations was conducted on the basis of propriety algorithm with the same name (Fig. 1).

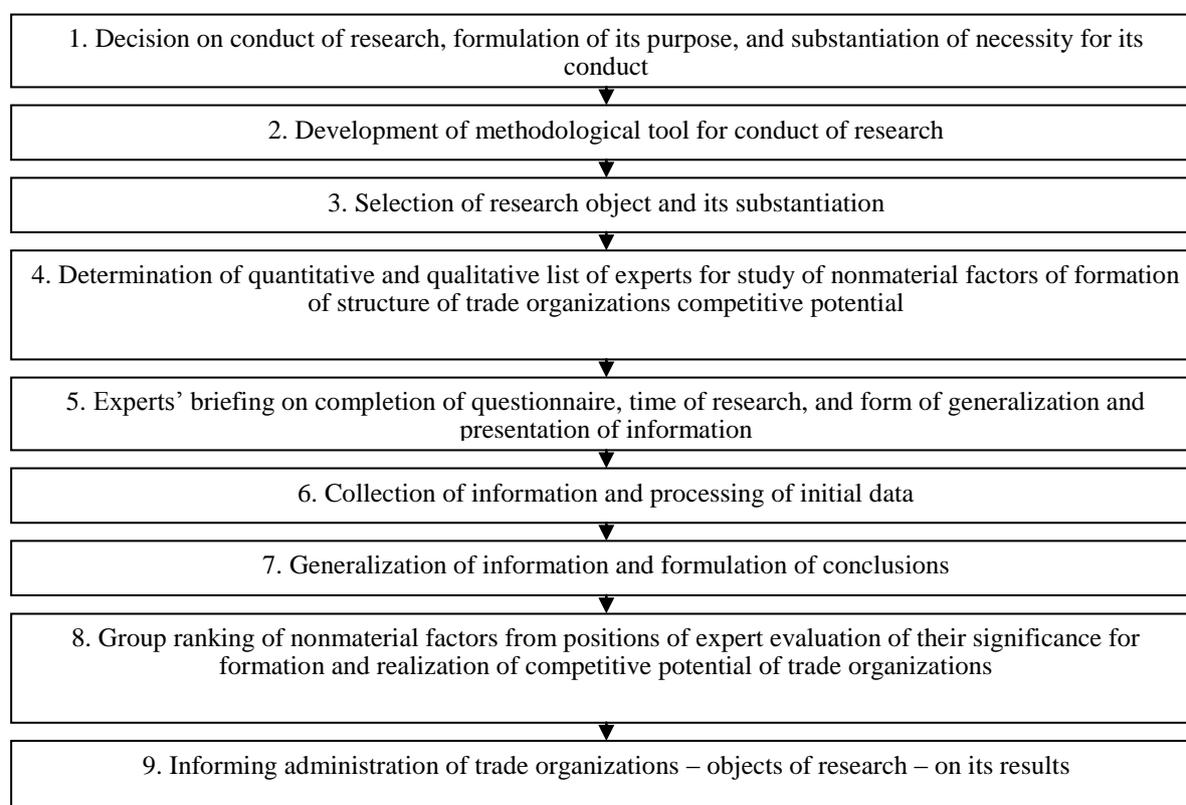


Figure 2. Algorithm of conduct of study of nonmaterial factors of type structure of trade organizations competitive potential

The purpose of the research is to determine expert opinions as to influence of factors which correspond to technological, commercial, image, communicational, and consumer components of trade organizations competitive potential in its formation and realization and to perform group ranking of factors as to level of influence on these processes.

Data sheet is presented by technological, commercial, image, communicational, and consumer blocks, with five questions in each. The research was conducted in trade organizations of Voronezh – DELK CJSC, Showroom Severniy LLC, Samson-Opt LLC, Regional Trade Company LLC. Selective totality of experts was determined as 30% of average list number of employees of each organizations.

Determination of general and average expert evaluations of group factors of formation of type structure of trade organizations competitive potential (Table 3) was conducted as to positive choices in view of two circumstances:

- data sheet includes formulation of questions on the basis of hypothesis on positive influence of factors on studies processes, which substantiates accounting of only positive choices of variants of answers;

- particular, “factor” questions of data sheet do not suppose unambiguous answer; variants of answers are presented by list of factors, which was a basis for including their expert evaluations into general sum of positive choices, with corresponding change of quantity of factors which are taken into account during calculation of average expert evaluations.

Table 3. Results of group ranking of nonmaterial factors as to their significance for formation and realization of competitive potential of certain trade organizations of Voronezh

Groups of nonmaterial factors	Sum of positive choices, % as to total number of received answers		Rank of group of factors as to level of significance
	General for group of factors	Average for group of factors	
Technological	298.23	59.65	1
Commercial	516.13	57.35	2
Image	422.90	46.99	4
Communicational	405.42	45.05	5
Consumer	473.55	52.62	3

Results of the research showed necessity for activization of work for supporting the image and development of communicational relations of trade organizations with subjects of targeted consumer market for the purpose of creation of new competitive advantages and their effective realization.

References

- Alexander I. Khorev, Yuri A. Salikov & Nadezhda A. Serebryakova. Conceptual Features of the Balanced Development of Business Organizations. *Asian Social Science* Vol. 11, No. 20; August, 2015 (Special Issue). – P. 22-29.
- Nadezhda Serebryakova, Elena Sibirskaya, Olesya Stroeveva & Innara Lyapina. (2014). The Contents and Structure of Innovative Activity in the Russian Economy. *Asian social science*, Vol.10. No. 23 December 2014 (Special Issue), 51-59.
- Nadezhda Serebryakova, Elena Sibirskaya, Olesya Stroeveva, & Elena Petrushina, 2014. The Need of the Uniform Information Platform "Innovations of Russia" Formation. *Asian social science*, Vol.10. No. 23 December 2014 (Special Issue), 78-85.
- Serebryakova Nadezhda, Gryshchenko Natalia, Syroizhko Valentina, 2014. Sustainable economic development of regions: Monograph, Volume 5/ ed. By L. Shlossman. – Vienna: “East West” Association for Advanced Studies and Higher Education GmbH, 158 p. ISBN-13 978-3-902986-25-2

- Yuriy A. Salikov, Olga Y. Kolomytseva, Tatyana A. Pakhomova & Natalya V. Grishchenko. Actual Issues of Planning of Well-Balanced Development of Innovative & Investment Activities. *Asian Social Science* Vol. 11, No. 20; August, 2015 (Special Issue). – P. 193-206.
- Arenkov I.V., Salikhova Y.Y., Gavrilova M.A. Competitive potential of enterprise: model and strategy of development // *Problems of modern economy*. – 2011. – No. 4 (40). – Access: <http://www.m-economy.ru/art.php?nArtId=3801>
- Voytsekhovskaya I.A. Potential of enterprise as foundation of its competitiveness // *Problems of modern economy*. – 2006. – No. 1/2 (17/18).
- Golubkova E.N., Polyanskaya I.V. Increase of competitiveness of trade enterprise // *Marketing in Russian and abroad*. – 2013. - No. 2.
- Zhuravlev Y.V., Smolyanova E.L., Matuzov Y.I., Semenenko S.V. Management of innovational changes at enterprise / Y.V. Zhuravlev, E.L. Smolyanova, Y.I. Matuzov, S.V. Semenenko. – Moscow, 2011.
- Semenenko, S.V. Analytical evaluation of sectorial tendencies of development of competitive environment in retail sales [Text] / S.V. Semenenko // *Bulletin of Voronezh State Agrarian University*. – 2014. – No. 1-2 (40-41). – P. 289-293.
- Semenenko, S.V. Russian entrepreneurship in XX – early XXI centuries: history, law, theory, and practice: monograph [Text] / S.V. Semenenko, V.A. Tonkikh, O.E. Farberiva. – Voronezh: Nauchnaya Kniga Publ. 2012. – 208 p.
- Semenenko, S.V. Theoretical substantiation of structure of competitive potential of trade organization [Text] / S.V. Semenenko // *Bulletin of Belgorod University of Cooperation, Economics and Law*. – 2014. – No. 1(49). – P. 185-199.
- Semenenko, S.V. Theory and methodology of study of competitive potential of trade organization: monograph [Text] / S.V. Semenenko, O.I. Klimenko. – Belgorod: BUKEP Publ., 2013. – 224 p.
- Semenenko, S.V. Evolutional approach to study of competitive potential of trade organization [Text] / S.V. Semenenko // *Bulletin of Belgorod University of Cooperation, Economics and Law*. – 2014. – No. 1(49). – P. 143-153.
- Serebryakova N.A. Perspective directions of development of innovational activity of food industry enterprises / N.A. Serebryakova // *Theoretical and applied issues of economics and service sphere*. 2014. No. 8. P. 19-22.
- Serebryakova N.A. Theoretical aspects of planning of well-balanced development of innovational & investment activities of enterprise / N.A. Serebryakova // *Economics. Innovations. Quality management*. 2014. No. 4 (9). P. 83-84.
- Serebryakova N.A., Ulchenko T.Y., Pankova N.M. Risk management at macro- and micro-levels / N.A. Serebryakova, T.Y. Ulchenko, N.M. Pankova // *Bulletin of Voronezh State University of Engineering Technologies*. 2015. No. 2 (64). P. 237-242.