

INTERPRETATION OF COMPETITIVE ADVANTAGES OF AN ENTERPRISE BASED ON STRATEGIC MANAGEMENT ACCOUNTING

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Abstract. *It is proved that the formation of an innovative model of economy involves the strategic management of the enterprise's activities based on the analysis of its competitive advantages. Information support for such management is created on the basis of strategic management accounting. That is why clarification of different approaches to the interpretation of competitive advantages of an enterprise in strategic management accounting is relevant and timely.*

The purpose of the publication is to develop the theoretical foundations for interpreting the competitive advantages of an enterprise in strategic management accounting to form information support for their analysis. The object of the study is the process of interpreting the competitive advantages of an enterprise in strategic management accounting. The article uses the methods of theoretical generalization, systematization, argumentation, comparison, and analysis. The results of the study made it possible to reveal the main approaches to the interpretation of competitive advantages of an enterprise in strategic management accounting, to provide their own interpretation, and to highlight their role in the formation of competitiveness.

The scientific significance of the study lies in the systematization of scientific approaches to disclosing the essence of competitive advantages in strategic management accounting. The practical value of the study is to characterize the applied aspects of forming the competitive advantages of enterprises in the information space of strategic management accounting.

The author makes conclusion that it is inappropriate to identify competitive advantages with the ability of an enterprise to efficiently use available resources, i.e., its competitiveness. Competitiveness is formed as a result of competitive advantages. And the information environment of strategic management accounting allows to assess competitive advantages.

Keywords: *competitive advantages, competitiveness, competition, enterprise, strategic management accounting.*

Formulation of the problem. In order to function during the wartime period and to rebuild Ukraine's economy after the war, it is necessary to take into account the main global trends in the development of sales markets. After all, the process of economic globalization strengthens the competitive position of large corporations in the global and domestic markets.

The role of international competition is growing, and its mechanism is becoming more complex. Therefore, the problem of formation, development, and information support for the competitiveness of Ukrainian enterprises is becoming particularly relevant.

Analysis of recent research and publications. During martial law in the country, it is essential to strike a balance between business development and ensuring the country's defense capability. The course of the country's development based on an innovative economic model adopted at the state level will contribute to this.

The formation of an innovative economic model involves strategic management based on a qualitative analysis of the competitive advantages of an enterprise. Such information support is formed in strategic management accounting.

The role of competitive advantages as a strategic tool for analyzing competition is highlighted in the classical theories of A. Smith, D. Ricardo, J.S. Mill, Heckscher-Ohlin, and modern theories of I. Krugman, M. Poser, M. Vernon, M. Porter, etc. Different authors have different interpretations of the essence and directions of development of strategic management accounting, in particular: P. Y. Atamas, S. F. Golov, K. Drury, M. S. Pushkar, B. Ryan, K. Ward. However, the interpretation of the competitive advantages of an enterprise in strategic management accounting has an insufficiently developed theoretical basis.

Objective. To analyze the competitive advantages of an enterprise in the market, high-quality information support is essential. The collection, systematization, grouping, transformation, and provision of such information to the user takes place in strategic management accounting. Therefore, our goal is to develop the theoretical foundations for interpreting the competitive advantages of an enterprise in strategic management accounting to form information support for their analysis.

Methodology. The theoretical and methodological basis of the study is formed by general scientific and philosophical methods of scientific knowledge, dialectical, systemic, and empirical approaches to studying the problems of interpreting the competitive advantages of enterprise in strategic management accounting.

General scientific methods were used to formulate the essence of competition. The epistemological approach to disclosing the genesis of concepts allowed to clarify the interpretation of competitive advantages, and the dialectical approach allowed to formulate the concept of competitiveness by different competitive advantages.

The systemic approach made it possible to allocate elements of the information system of strategic management accounting on the competitive advantages of an enterprise, as well as to reflect the interrelationships between them. The empirical approach was used to analyze the works of scholars on the modernization of the process of formation of information support for strategic management accounting on the competitive advantages of an enterprise.

The bibliographic method allowed us to systematize and summarise the achievements of scientists to identify unresolved scientific problems in the information system of strategic management accounting of enterprises.

Presentation of the main research material. First of all, it should be noted that competition between enterprises reflects the type of relations regarding the setting of prices and the proposed volumes of sales of products and goods on the market. From an economic

point of view, it can be interpreted as a struggle between producers for the most favorable means and conditions of production, markets for goods, and services to maximize financial results. Competition regulates the volume of production and influences the growth or decline in profitability, which encourages producers to develop and implement innovative projects, stimulate labor productivity, develop the social responsibility of business, etc.

The competition encourages the elimination of less successful companies from the market and prevents monopolists from developing. The concepts of «competition» and «competitiveness» are recognized by scholars and practitioners as determining factors in the development of a market economy.

Competition, as a means of regulation in a market economy, is mainly interpreted as «the economic process of interaction, interconnection and struggle between enterprises operating in the market in order to provide better opportunities to sell their products, meet the diverse needs of customers and obtain the greatest profit» [1, p. 24].

«Competition is an objective economic law of developed commodity production, the effect of which is an external coercive force for commodity producers to increase labor productivity at enterprises, increase the scale of production, accelerate scientific and technological progress, introduce new forms of production organization, forms, and systems of wages, etc.» [2, p. 11].

There are many approaches to characterizing it in science and practice. Most agree that competition is driven by supply, demand, and price. A. Smith and D. Ricardo interpreted it as «competition between sellers and buyers for the most favorable terms of sale and purchase» [3, p. 88]. I. Ansoff and M. Porter revealed the essence of the concepts of «competition» and «competitiveness» in relation to the strategic management of the enterprise [4, p. 221]. Also, quite often, competition is understood as «the process of managing by entities their competitive advantages to achieve goals in the struggle with competitors to meet objective or subjective needs» [5].

Therefore, it can be argued that the interpretation of competition by different authors does not allow for a comprehensive characterization of it. We can also trace the divergence in the approaches of scholars to its formulation: some understand competition as rivalry between legal entities, others – as rivalry between individuals, others – the presence of a sufficient number of sellers and buyers in the market, etc.

The intensity of competition is determined by M. Porter's «concept of driving forces» [4], in particular by the elements that characterize competitiveness: the danger of new competitors, the danger of substitute goods or services, the ability of counterparties to bargain; rivalry among existing competitors; and the influence of customer opinion. Among the driving forces, we can trace the lack of public policy. After all, the market cannot operate without government intervention. Therefore, it is appropriate to consider them in terms of market conditions.

Competitive forces can be analyzed by research:

- 1) the status and assessing the degree of impact of each component on competition;
- 2) the overall impact of all forces on competition in the market environment;
- 3) the degree of influence of each force on competition, taking into account the causal relationship with market conditions.

In Ukraine, the development of competitive relations began after the economic reform, i.e., the transition from competition for resources to competition for consumers. The

demonopolization of the economy, liberalization of foreign economic activity, inflationary processes, privatization, and the increase in the number of business forms led to an increase in the supply of goods, and with a decrease in effective demand, this increased competition. The reforms also created the preconditions for the development of competition by changing the criteria for operating in the market.

Increased competition is of great importance for the success of an enterprise in the market, as it shapes the ability to achieve competitive advantages and build competitiveness. A balanced competitive behavior and the right choice of the consumer are prerequisites for the commercial success of the enterprise.

It is well known that the competitiveness of an enterprise reflects its position in the competitive struggle and its position in the market. This is ensured by the development of competitive advantages arising in the economic, technical, and organizational spheres of the enterprise. Therefore, the defining concept of the competition theory that characterizes the market position of a competitor is its comparative (competitive) advantages.

Competitive advantages in science are understood in different ways:

- «an exclusive value possessed by a system that gives it an advantage over its competitors» [6];
- «A list of factors specific to a particular industry that give it an advantage over other industries (for example, in the struggle for investment due to higher profitability or capital turnover), as well as one enterprise over others. These factors are not constant; they change depending on: the specifics of industries, market segments served, and the time and stage of the industry and enterprise's life cycle» [7];
- «characteristics, properties of a product or trademark that create certain advantages for an enterprise over direct competitors» [8];
- «the level of efficient use of all types of resources available to the enterprise» [9].

Thus, the competitive advantages of an enterprise are a set of its own and acquired assets and characteristics of the enterprise, the use of which ensures its exclusive competence in a certain field of activity and advantages over competitors.

Strategic management accounting provides information support for the process of forming competitive advantages. So far, scholars have not come to a common interpretation of this type of accounting. However, we will single out scholars who, when interpreting the essence of strategic management accounting, focus on competition as one of the objects of its study.

P. Y. Atamas states that «it is accounting that focuses on external factors (such as competitors' profitability, market share, etc.), while traditional accounting is characterized by a focus on internal processes and phenomena» [10]. K. Symonds states that strategic management accounting is «the provision and analysis of management accounting data on a business and its competitors, which are used to monitor and develop the strategy of such a business» [11].

M. V. Reta emphasizes that strategic management accounting «is a subsystem of strategic management of an enterprise, which provides information support to the decision-making process by collecting, registering, analyzing, storing and transmitting information about the external and internal environment of the enterprise in order to ensure its competitiveness in the short and long term. It is ensuring the competitiveness of the enterprise in our changing

times, in an unstable economic environment, that becomes the main guarantee of the effective functioning of the enterprise, and strategic management accounting becomes one of the main information bases on which the timeliness, reliability, and reliability of management decisions depend» [12].

M. Holm, V. Kumar, and T. Plenborg note that «achieving higher financial performance by using sources of sustainable competitive advantage is a constant aspiration of commercial enterprises around the world. The role of management accounting in this endeavor is still a matter of debate» [13].

However, empirical evidence is emerging that management accounting can play an important role in the competitive positioning of companies, demonstrating a positive impact on the financial performance of the implementation of strategic management accounting methods, such as costing by activity [14] and the balanced scorecard [15].

In general, there is a consensus among most scholars that strategic management accounting leads to competitive advantage in one way or another. Some authors argue that «cost information can lead to a sustainable competitive advantage if it contributes to, for example, more efficient use of resources or increased customer value» [15].

Other scholars argue that there are three main ways for an enterprise to gain competitive advantage: «to become better itself, to weaken competitors or to change the market environment» [17].

Often, competitive advantages are equated with the ability of an enterprise to efficiently use available resources, i.e., its competitiveness. It should be noted that this identification is inappropriate. Competitiveness appears as a result of competitive advantages (Fig. 1).

Let us consider the most common approaches to the interpretation of «competitiveness». M. Porter understands competitiveness as some «technical characteristics of a product, firm or industry» [2]. R. A. Fakhutdinov – «the ability to withstand competition in comparison with similar objects in a given market» [6]. Thus, the competitiveness of an enterprise should be studied comprehensively, taking into account: production volumes, basic management principles, functioning of the accounting system, employee satisfaction and motivation, marketing and logistics activities, financial solvency, etc.

Taking into account the research of scientists, let's highlight the features of competitiveness:

- 1) can be identified and evaluated only if there are competitors;
- 2) has a different level relative to different competitors;
- 3) the company's competitive position relative to other counterparties can be determined only in the relevant external environment;
- 4) dynamism of the counterparty's status in the competitive environment;
- 5) characterized by the productivity of the use of production resources.

Therefore, it is advisable to perceive the competitiveness of an enterprise as a comparative characteristic, the degree of dominance of a group of indicators for assessing the capabilities of an enterprise in the market in a certain period of time relative to similar indicators of competitors. The competitiveness of an enterprise makes it possible to determine the position of the counterparty in competition, its market status, as well as to achieve and develop competitive advantages in organizational, financial, marketing, logistics, social, environmental, and technical activities.

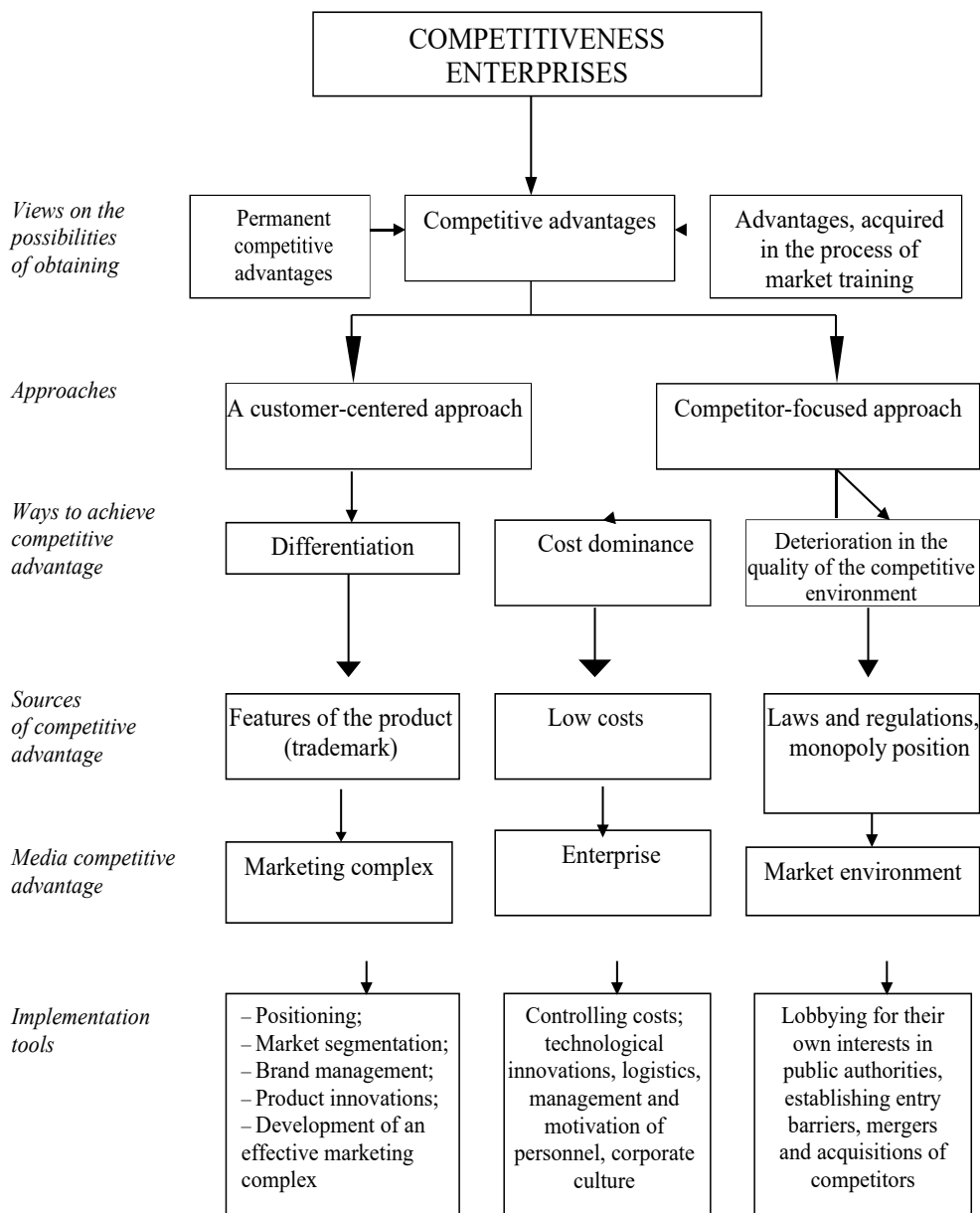


Fig. 1. Formation of enterprise competitiveness by competitive advantages
 Source: compiled from [9, p. 35]

Nevertheless, competitiveness is an important indicator of assessing the financial condition of an enterprise in strategic management accounting and allows to project the prospects of its development.

Due attention should also be paid to the competitiveness of goods, which characterizes their «ability to meet the needs of buyers compared to similar goods on the market. It is determined by competitive advantages: on the one hand, by the quality of the goods, their technical level, consumer properties, and on the other hand, by the prices set by the sellers of the goods. In addition, competitiveness is influenced by advantages in warranty and post-warranty service, advertising, the image of the manufacturer, as well as the market situation and fluctuations in demand. A high level of competitiveness of a product indicates the expediency of its production and the possibility of profitable sale» [5]. Therefore, the competitiveness of a product makes it possible to skillfully maneuver in the market space and in time, taking into account the requirements and capabilities of buyers to the maximum extent possible.

Conclusions and Prospects for Further Research. During martial law in the country, it is important to strike a balance between business development and ensuring the country's defence capability. The country's development course based on the innovative economic model adopted at the state level will contribute to this. The formation of an innovative economic model involves strategic management based on a qualitative analysis of the company's competitive advantages. Such information support is formed in strategic management accounting.

The role of competitive advantages as a strategic tool for analysing competition is highlighted in many works by scholars. Different authors interpret the essence and directions of development of strategic management accounting in different ways. However, the interpretation of competitive advantages of an enterprise in strategic management accounting has an insufficiently developed theoretical basis.

The author's disclosure of the economic essence of competition has allowed to develop the theoretical foundations for interpreting the competitive advantages of enterprise in the strategic management accounting. Three main ways of gaining competitive advantages by an enterprise in the market are characterised. The presented process of formation of competitiveness of enterprises by competitive advantages helps to clearly understand the difference between the mentioned concepts.

Prospects for further research are development of a methodology for analysing the competitive advantages of enterprise in the system of strategic management accounting.

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ТЛУМАЧЕННЯ КОНКУРЕНТНИХ ПЕРЕВАГ ПІДПРИЄМСТВА В СТРАТЕГІЧНОМУ УПРАВЛІНСЬКОМУ ОБЛІКУ

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Анотація. Доведено, що формування інноваційної моделі економіки передбачає стратегічне управління діяльністю підприємства на основі аналізу його конкурентних переваг. Інформаційне забезпечення для такого управління створюється за даними стратегічного управлінського обліку. Саме тому з'ясування різних підходів до тлумачення конкурентних переваг підприємства в стратегічному управлінському обліку є актуальним і своєчасним.

Мета публікації – розвинути теоретичні засади тлумачення конкурентних переваг підприємства у стратегічному управлінському обліку для формування інформаційного забезпечення їх аналізу. Об'єктом дослідження обрано процес тлумачення конкурентних переваг підприємства у стратегічному управлінському обліку.

Теоретичну і методологічну основу дослідження становлять загальнонаукові та філософські методи наукового пізнання, діалектичний, системний та емпіричний підходи до вивчення проблем тлумачення конкурентних переваг підприємства в стратегічному управлінському обліку.

Результати дослідження дали змогу розкрити основні підходи до тлумачення конкурентних переваг підприємства у стратегічному управлінському обліку, надати власне трактування та виокремити їх роль у формуванні конкурентоспроможності.

Наукова значущість дослідження полягає у систематизації наукових підходів до розкриття суті конкурентних переваг у стратегічному управлінському обліку. Практична цінність – у характеристиці прикладних аспектів формування конкурентних переваг підприємства в інформаційному просторі стратегічного управлінського обліку.

У висновку зазначено про недоречність отожднювання конкурентних переваг із можливостями підприємства ефективно витратити наявні ресурси, тобто його конкурентоспроможністю. Конкурентоспроможність же формується внаслідок дії конкурентних переваг. Відповідно, оцінити конкурентні переваги дає змогу інформаційне середовище стратегічного управського обліку.

Ключові слова: конкурентні переваги, конкурентоспроможність, конкуренція, підприємство, стратегічний управлінський облік.

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