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Nosachenko Oleksandr

Graduate Student

Baldzhy Maryna

Doctor of Economics, Professor

Department of Economics, Law

and Business Management

Odessa National Economic

University

(Odessa, Ukraine)

**SYSTEM APPROACH TO
RESERVE DETECTION AND
EVALUATION IN
INCREASING
COMPETITIVENESS OF
WHOLESALE TRADING
ENTERPRISES**

In conditions of high competition, it is extremely important to identify possible reserves that will help determine specific ways of development of enterprises. This is especially important in trade, whose enterprises specialize in wholesale trade and have the necessary prerequisites for the full range of procurement, sales and warehouse technological operations [1, p. 51]. The identification and further evaluation of the reserves to increase competitiveness should be based on certain principles, thereby ensuring orderliness and relative stability in the functioning of enterprises. It is the application of a systematic approach that allows us to reveal the integrity of the object, which is the activity of wholesalers, and to detect the movement of self-development and self-organization mechanisms, the determination of endogenous and exogenous connections and their combination into a single whole.

The complexity and dynamism of market management objectively involves the use of systems theory for the purpose of a comprehensive and in-depth analysis of practical marketing and commercial market activity, the development of a model for its strategy, tactical business plans, processes and managerial decisions on various aspects of the functioning of enterprises and organizations and their strategic business units. This is due to the fact that systemology methods allow rational modeling, construct and effectively manage commercial activities in

various firms of various sizes and forms of ownership, including in the field of wholesale trade. The research is based on the developments to determine the nature and content of a systematic approach proposed by our scientists.

So, V.A. Kharchenko (2013) considers the enterprise within the framework of a systematic approach as an open system, “the activity of which is influenced by many different factors, the consideration of which in the process of business management is the key to the successful implementation of the long-term goals and objectives of the enterprise”, focusing on the particular strategic management of the enterprise when applying a systematic approach [2, p. 158].

V.V. Prokhorova (2009) focuses on the fact that system research “aims to identify the mechanism of life”, that is, “the functioning and development of an enterprise in its internal and external (with respect to its relationship with the environment) characteristics. Conducting a systematic study of the development of the enterprise creates the prerequisites for the effective management of the enterprise and allows you to justify the choice of development direction and determine the degree to which the goals of the enterprise are achieved; to determine that in the processes of functioning and development of the enterprise, the object of management is the dynamics of changes in the level of the main areas of activity and management subsystems; to distinguish, respectively, the stages of the enterprise’s life cycle, the type of enterprise development – crisis, formation, development status (qualitative and quantitative aspects of growth), utilization efficiency, decline effect (depletion), to identify and evaluate the properties of enterprise development, which can increase the efficiency of its management processes; determine the criteria and indicators of the effective functioning and development of the enterprise; in accordance with the objectives to form the optimal structure and the necessary properties of strategic management; to develop and implement strategic and tactical measures to manage the development of the enterprise; to form and effectively solve development problems by generating an effective managerial decision” [3, p. 163].

Using a systematic approach for ensuring competitiveness requires the implementation of a scientific justification for the possibility of applying the concept of „competitive ensuring system” from the point of view of systems theory. A systematic approach to ensuring the competitiveness of enterprises determines the effectiveness of the activities of enterprises and depends on the state of the external

environment, relations with other components of the external environment. The main goals of the systematic approach is to eliminate the contradictions between the goals of the system for ensuring competitiveness in enterprise management and achieving coordination of actions; the search for factors to increase business efficiency and commercial success in the market, in order to achieve and maintain competitive advantages [4].

R.V. Lyashenko (2018) identifies the strengths and weaknesses of the systems approach in the economy, these include:

- strengths:
 - determination of goals and criteria for managing the economic sustainability of the enterprise,
 - submission of the established conditions to the general goal of the enterprise's functioning,
 - consideration of all elements of the system in conjunction,
 - application at different levels – from some unit to the entire enterprise. In each case, the control object is considered as a holistic system,
 - direction to poorly structured problems, the search for the best solution;
- weaknesses:
 - poor orientation to the creation of employees image, that leads to demotivation,
 - Inadequate horizontal integration of critical management functions, such as recruiting, evaluating, rewarding and developing employees. Managers perform these functions outside the only integrated approach to staff,
 - insufficient involvement of line managers and employees in the development and implementation of management concepts,
 - ignoring changes in the value orientations of people, indifferent attitude to the goals of the activities of various groups,
 - the use of expensive technologies, automated control systems,
 - does not provide decomposition into interrelated procedures both at the “input” with suppliers, and at the “output” with buyers and customers [5, p. 299].

A systematic approach to the issue of managing the reserves of an enterprise implies the realization that such a process is a complex system of elements, united by a large number of interconnections both among themselves and with the external environment, therefore this issue cannot be analyzed in isolation, but it is necessary to take into

account the existing system connections. Here it is necessary to take into account the interconnections of such elements of the enterprise as financial, marketing, and management subsystems. It is also necessary to highlight a system of indicators that most fully characterize these subsystems of the enterprise and their functions, as well as evaluation criteria that make it possible to obtain the corresponding values of indicators. The next step in the systematic approach is to identify the relationships of the enterprise subsystems and indicators characterizing these relationships [6, p. 216]. So, a systematic approach in identifying reserves means the ability to identify and summarize them, taking into account the relationship and interdependence of external and internal factors.

Wholesale trade is carried out by: specialized wholesale trading enterprises, wholesalers, brokers and agents, as well as marketing purchasing offices and branches of manufacturing enterprises. The competitiveness management of domestic wholesalers is based on a systematic approach and is aimed at finding all reserves, their assessment and possible use for further development. Reserves are unused opportunities for increasing the efficiency and competitiveness of enterprises, reflecting the degree of use of factors in certain conditions of a particular enterprise and vary depending on the development of science and technology, improving production and management [7, p. 9-10].

Reserves of competitiveness as unused opportunities are associated, on the one hand, with the features of using certain elements of the internal potential of the enterprise, and on the other, with the use of factors of the external market environment. The latter include reserves in use of rules and norms established by the state and reserves of the most market mechanisms [8, p. 127].

The functioning stability of enterprises depends on the use of all reserves, and the search for reserves to increase competitiveness is an end in itself for each enterprise in the long-term development period [9]. And the effective use of the reserves of wholesalers creates a complex system containing certain elements and relationships and has a clearly set goal, which is achieved thanks to the functioning of the system as a whole.

G. E. Yamnenko (2012) identifies seven groups of reserves, united by a common goal – increasing the competitiveness of the enterprise. These groups of reserves allow a selective approach to the implementation of their assessment.

Despite the existing theoretical developments, the systemic components remain unaccounted for: the object and subject, factors, relationships, directions, analysis and evaluation of the functioning of enterprises. Therefore, we propose a generalized logical scheme of the importance of a systematic approach in identifying and assessing the reserves of increasing competitiveness for wholesalers, which allows us to summarize existing developments and outline the directions of the strategy for their further development (Figure 6.2).

The generalization of the process of identifying and evaluating reserves in a wholesale enterprise and combining them into a single system will allow for step-by-step implementation of competitiveness improvement directions.

The systematic approach scheme allows to identify aspects of the effective functioning of the enterprise and increase its competitiveness due to the most productive reserves that take place at a certain time and for this type of enterprise. Using this method, you can determine the long-term goal of the enterprise, establish the state of its functioning, assess the state of development, develop ways to eliminate the contradictions between the goals of competitiveness, show factors of increasing competitiveness and commercial success in the market to achieve competitive advantages, develop the optimal strategy and determine the necessary components of strategic management.

The identification of reserves to increase competitiveness is based on the determination of its competitive advantages. When working with identified reserves of competitiveness, it is important to understand what kind of concrete form we are dealing, taking into account the features and specifics of the methodology and tools for assessing the reserve.

We consider it appropriate to allocate reserves based on the object of occurrence:

- general reserves are reserves of competitiveness that can be applied by any unit of the enterprise as a system;
- complex reserves – those that may arise in units similar to various factors;
- partial reserves – arise within the same unit of the enterprise, a positive effect of which is possible only if they are implemented in this section.

The use of the competitiveness reserve includes an integrated process, the main purpose of which is to expand the company's position in the domestic and foreign markets.

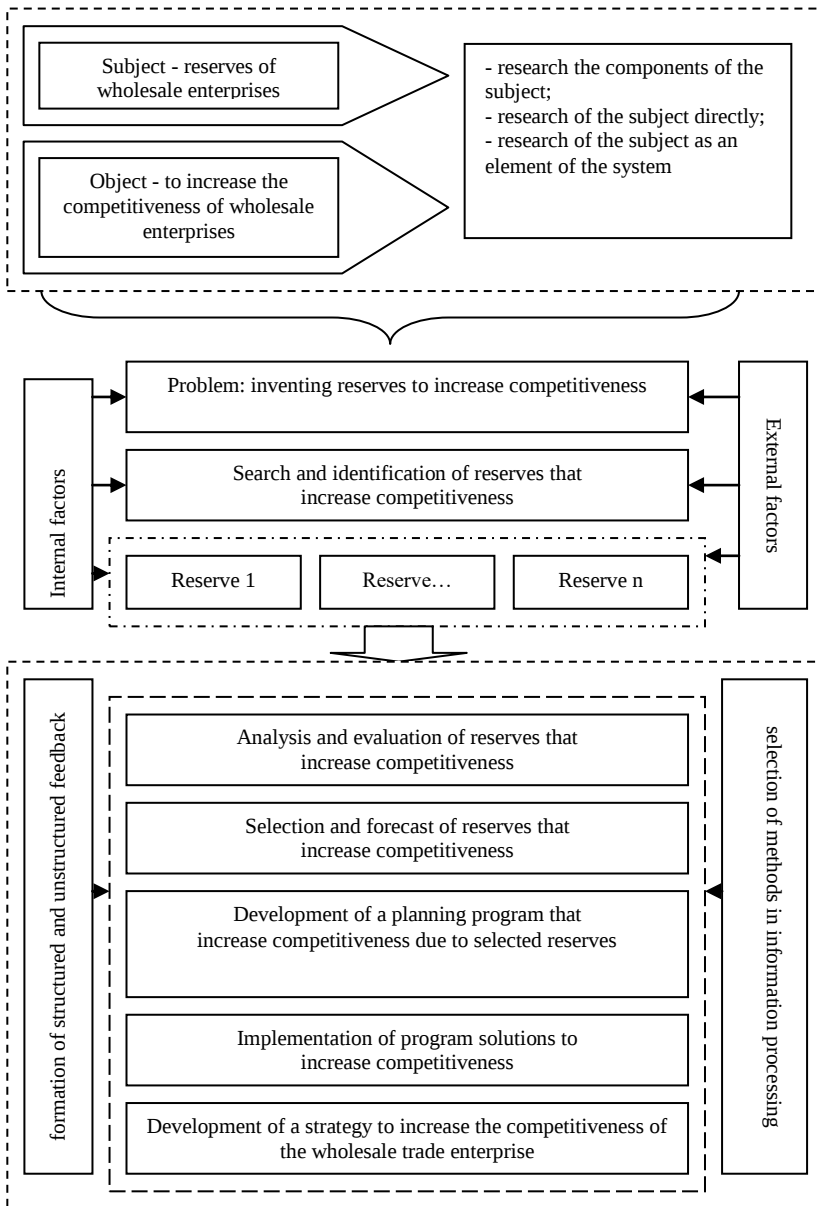


Figure 6.2 The logical scheme of the systems approach

Before proceeding with the optimization of the wholesale business on the basis of the identified reserve, it is necessary to monitor competitive advantages directly in the analysis of competitiveness. In the basis of such an analysis, there should be laid the principles of a systematic approach and comprehensiveness, which form the research sequence as follows: assessment of the personnel component, analysis of financial activities, research of production opportunities, diagnostics of the marketing and strategic component. Due to its features, a systematic approach will be better adapted in the framework of competitiveness analysis at its individual stages [10, p. 78], which will make it possible to use the methods of system analysis, decomposition and deduction and to attract a set of appropriate tools.

The most important issue in identifying reserves is the issue of selecting, processing and evaluating results. The first approach to the selection of reserves is called organizational and structural is based on the provision that all reserves are identified in accordance with the organizational and structural model of the enterprise. Reserves are identified, analyzed, classified and summarized in accordance with each structural unit (unit) of the enterprise. The result of this identification is summarized. There is a problem of heterogeneity of influence of the reserves available at various structural divisions of the enterprise on the general results of its activity and difficulties, in this connection, in generalization of partial (on divisions) results of identification. The second approach that can be used to integrate the results of the identification of reserves can be logistical. This uses a fairly well-known concept of “logistic chain”, which can be implemented by any business entity. In this case, the identification results are considered in accordance with the sequence of stages, stages of the logistic chain for each type of product or operation. The difficulty of implementing this approach is that the company pays for products and activities are unequal in their role for the company, for the environment, which can lead to distortion of the true picture and the results of identification [11, p. 59]. Therefore, one of the possible ways to solve this problem is to apply a systematic approach that will combine organizational, structural and logistical areas and justify this relevance. We have built a block diagram of the implementation of a systematic approach to identify reserves to increase competitiveness in wholesale enterprises (Figure 6.3).

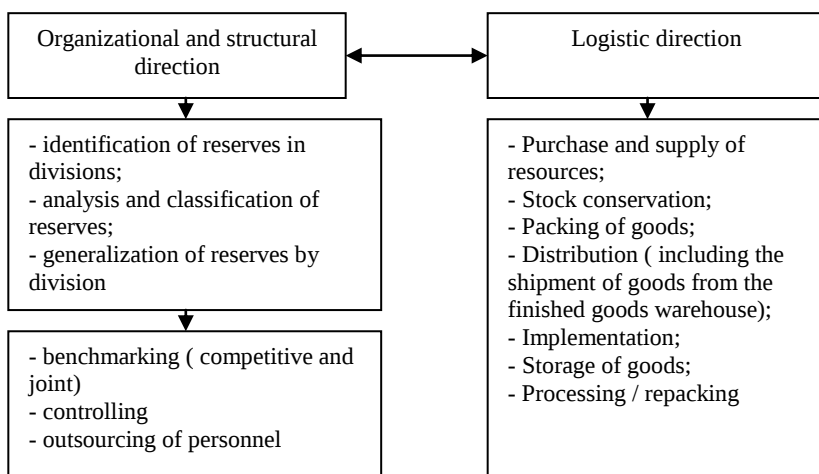


Figure 6.3 The scheme of implementation of the system approach for identification of reserves of increase of competitiveness at the enterprises of wholesale trade

Reserves are identified, analyzed, classified and summarized in accordance with each structural unit (division) of the enterprise. The result of this identification is summarized, here there is a problem of heterogeneity of influence of the reserves available at various structural divisions of the enterprise on the general results of its activity and difficulties, in this connection there is a discrepancy, in generalization of partial (on divisions) results of identification. Certain steps in inventing radical tools in the organizational and structural direction are the involvement of benchmarking, controlling and outsourcing of personnel. Benchmarking allows you to explore competitors and, thus, to determine their own guidelines for further operation. Controlling at the enterprise is carried out in order to identify “weaknesses” and find ways to overcome problems. Staff outsourcing allows you to attract companies that you can work with in the absence of the necessary resources. If necessary, the company can prepare its own reserves for further process. The logistics direction determines the chain of work with the product, at each link of which it is appropriate to trace possible resources and improve their involvement. It is appropriate to use benchmarking, controlling and outsourcing in this process.

Considering the reserves of sustainable development of the enterprise from the standpoint of a systems approach, it should be noted that all the reserves of interaction are interconnected and interdependent. The introduction of new technologies in the organization and management requires staff training and, consequently, attracting additional investment. In addition, the reserves for the use of fixed assets, financial and human resources are closely interrelated.

In general, the considered provisions of introduction of the system approach in economy of the enterprises, allow to emphasize that efficiency of their activity depends not only on a condition of external environment, relations with other components of the external environment, but also from the peculiarities of enterprise management and achieving coherence in the internal space. Thus, the application of a systematic approach to the identification of reserves means the ability to identify and summarize them, taking into account the relationship and interdependence of external and internal factors. The competitiveness management of domestic wholesale enterprises should be based on a systematic approach, which allows the invention of probable reserves, evaluate them and use prospects for further development.

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