Conditions of Implementation of Key Factors of Creation of Competitive Advantages on New Growing Markets

Nikolay V. Tumalanov  
Chuvash State University, RUSSIA

Eduard N. Tumalanov  
Chuvash State University, RUSSIA

Vladimir V. Ivanov  
Chuvash State University, RUSSIA

ABSTRACT
The relevance of the study is due to the fact that the problem of creating a competitive advantage and strengthening its positions in a number of growing markets by domestic producers has not been resolved. In this regard, the article is aimed at identifying the sources of key factors for increasing competitiveness, assessing the adequacy of the competencies available to the company and the market conditions and sufficiency for the success of entry into the industry and competition in its market. The leading method of research is a set of interrelated and complementary types of analysis, which allows a comprehensive and in-depth understanding of the nature and evolution of the factors of creating a competitive advantage. It is established that the company has the best opportunities to enter the growing market and create a competitive advantage when combining in the key competence the properties of indispensability, unmitigated, long-term. It is substantiated that the formation of conditions for creating a competitive advantage favors the conformity of the company's key competencies to those that are demanded by the competitive environment of the industry market, as well as the conditions established in the external environment. It is proved that the period of obtaining quasi-rent in a new market is determined by the degree of complexity of the key competencies held by the firm.

Keywords: growing markets, key competencies, competitive advantage, competitive environment, quasi-rent.

INTRODUCTION
At present, the main problem of the economy of the regions and the country as a whole is that, despite the improvement of the competitive conditions on the domestic market, domestic producers are not always able to achieve a high level and longevity of competitive advantages in growing markets. For this, first of all, it is necessary to have a clear picture of
the key success factors. The ability to identify specific skills, abilities, competencies, to identify and develop them allows an organization to maximally meet the expectations of consumers. It is skillful work on key factors that allows the company to successfully enter the growing markets and integrate into them. This is especially important when creating an innovative product, its commercialization and development of a new market segment. The urgency of this problem at the current stage of development of the domestic economy is intensified, since despite favorable changes in the far and near external environment, not yet in all industries, our producers have achieved import substitution and export-oriented production.

Proceeding from this, the goal of the work is to deepen the knowledge of the key factors of competitive advantage, identifying their sources, to assess the availability of resources in the organization that meet the requirements of sectoral market conditions.

Prerequisites for the formation of key factors of competitive advantage are usually considered to be creativity, talent, and special skills of personnel. However, this definition is too narrow and specific. A broader definition was proposed by J. F. Rokart [1]. They named the advantages of the firm as sources of key factors: the general external environment, sectoral factors from the specific requirements of consumers to the structure of the market, the position of the firm in the industrial competitive environment, and also the peculiarities of the company's internal environment. In this regard, one can agree with those who offer methods for identifying sources of key factors: analysis of the external environment, analysis of the competitive industry environment, and analysis of the internal environment of the organization [2].

In our opinion, the initial task of the study should be to identify and evaluate what the firm (organization) has. In this regard, it is advisable to analyze three groups of assets: tangible assets, intangible assets and those competencies that the firm has (or controls).

Tangible assets are easily valued and imitated. Intangible assets and competencies are more complex for researching the potential for creating a competitive advantage. The three criteria for assessing key competencies include identifying whether the competency is making a major contribution to the value of the product for the consumer, whether it opens up a wide range of market access, and whether competitors can imitate it [3].

Some authors also propose to get in the course of analyzing resources by disaggregating them to identify the lowest simple measure of competitive advantage [4]. However, the final competitive value of intangible resources and competencies is suggested to be assessed by missing it through the five tests proposed in order to justify the results of the analysis. These are tests for the ability to create a competitive advantage, unmitigated, long-term, non-replaceable, and also to ensure the receipt of quasi-rent [5].

METHODS AND MATERIALS

Based on the foregoing, an acceptable method of research was a complementary set of different types of analysis, including analysis of the far and near external environment in the
STEEP format, industry analysis based on the Porter model, and analysis of the internal environment of the organization.

The study was carried out in three stages. The first stage was the analysis of the industry competitive environment and the external environment under the STEEP scheme as potential sources of the formation of key competitive advantage factors. The second stage was the analysis of the internal environment of the organization to determine and characterize those factors of creating a competitive advantage that the firm possesses, as well as assessing the key competence and the main contribution that it makes to the firm's competitiveness. At the third stage, the research findings, the author's suggestions are formed and the possibility of their application in practice is determined.

RESULTS

It is found that in the economic system of a large country, even in a recession, new growth vectors are being formed that can be favorable for the integration and successful competition of regional producers, including representatives of small and medium-sized businesses. To enter these market segments, it is necessary to have appropriate non-material resources that manifest themselves in the form of abilities and competencies. Analysis of the above methods of some segments of the industrial markets, which have the potential to become a growth vector, showed that some of them are very attractive for small and medium business units of the Volga regions.

It is substantiated that the abilities and competencies of the firm represent the highest value when they have the most complementary properties of unimportability, indispensability, durability and make the greatest contribution to the formation of the valuation of the product (service) by the consumer. As a result of the complex interaction of these qualities, the business unit has the opportunity to expand space for itself in the sectoral market, and with a rational marketing policy, quasi-rent is ensured. The length of the period for obtaining quasi-rent also depends on the indispensability of these abilities and competencies, their long-term and ability to develop and improve.

It is proved that the researcher can determine the overall value of the firm's resources if it has created a competitive advantage in the sectoral market or its segment. If this is not or the competitive advantage is shaky, it is necessary to identify what gap exists between the organization's intangible resources and the key factors created a competitive advantage in the market.

The analysis makes it possible to create a clear picture of the realization of key factors, which can be traced to the example of a new market segment that is created in the domestic economic space by the efforts of a small firm organized by enthusiasts, from the moment of establishing itself as a producer of milk and dairy products (except raw milk). This company LLC "Kozy i Kompaniya", which in real market activity aimed at the production of goat cheese by the French recipe. The market has been chosen as a promising one, a new segment is practically being created, which was similar to that in the domestic food industry. And in this respect, the choice fully corresponds to one of the cases of innovations "the creation of a new market" [6]. Like many innovators, the company immediately faced an unpleasant surprise from the industry. One of the "five forces" of competition [7] does not work: there
are no suppliers of milk suitable for cheese making and even a reliable supplier of livestock feed. The transition to a full cycle of production was inevitable. With the suppliers of the same alpine goats from France everything settled smoothly. With the other components of the "five forces" the company's position in the market is favorable. Imitation is complicated, because raw milk comes through the pipe from the milking parlor. Workers go to the shop - the cheese factory only after thorough disinfection. Working with cheese is manual, in the chambers of the dairy, a special microclimate is created for each variety. Sourdough, rennet ferment comes from France. Therefore, not only to imitate the product is difficult, but there are no existing domestic competitors either. Almost complete safety and the other two of the "five forces" of competition. High consumer appraisal and, accordingly, demand are provided practically regardless of the level of the product price, since the place of sale is Moscow, and consumers are Globus gurme, La Mapec, and others.

There are no substitute goods in this market segment. No sort of cheese produced by domestic producers, substitutes for this delicious product cannot become. This shows that, for four of the "five forces" of the industrial competitive environment, serious threats to the creator of a new market are not visible. Thus, it is proved that in the innovation process the absence of a gap between the basic competencies of the business unit and the key factors for creating a competitive advantage in the market can be combined with favorable conditions of the sectoral as well as the distant external environment.

It is established that when an organization has a clear picture of its intangible assets and key competencies that provide a competitive advantage in order to give them unmitigated and long-term, it needs to know what is the main value for the consumer created by its core competencies. In this case it is a special refined taste, aroma, complete absence of any additives to improve them. This is ensured by a thorough knowledge of all the subtleties of the process from the characteristics of the microbiology of the milk produced and the psychology of the milk goat and to the care of the product itself in the process of its maturation. This is compliance to detail of all the requirements of technology. In general, such a responsible approach is provided not only by skill, but by the basic personal property of the employee, expressed by the term "industrius" (lat), which, in addition to the concepts "active", "diligent" means still "zealous." (This property of "jealousy in the business" is often lacking in most competitors).

It is substantiated that due to a successful confluence of external and internal factors, it is possible to respond adequately to all market requirements. Competences allow the firm to make the key value that the consumer demands from the goods, the firm opens a fairly wide range of market segments. The complex and high competencies that are required at all stages of production and are backed up by zeal and zeal in the work, complicate the tasks of the imitators and restrain their entry into the market. Producers of substitute goods are also in unfavorable conditions. They have to import raw materials by import, and this immediately worsens their competitive positions due to the situation with the exchange rate of currencies. It can be considered that there are weighty positive answers to those questions about the results that are expected from the study of intangible resources and competences in the environment of creating a competitive advantage.
It is justified that, largely due to the high and difficult-to-acquire competencies of domestic firms, the import substitution process can successfully develop [8]. This process will be accelerated with the effective alignment of institutional structures supporting competition and their continuous improvement [9, 10].

DISCUSSION

Some of authors have been engaged in analyzing the factors of creating competitive advantages in growing markets. Penrose first drew attention to the fact that the firm focuses on diverse resources. He believed that the prerequisite for the formation of economic rent are the differentiated properties of resources. Some prominent scientists turned to the question of the competence of the organization [3, 11].

The emergence of competitive advantages and the formation of economic rent and its connection with the material and intangible resources of the firm also found an explanation in the 1990s [12]. The role of unmitigation in extending the period of competitive advantage was also considered [13]. Other problems related to the competitive advantages and resources, competencies of the firm were also considered [14, 15].

However, the possibilities of a complex of analytical methods that allow to identify and evaluate the functions of special properties of competences in a growing market and their useful consequences for countering the simulator and increasing the period for obtaining economic rent have been used with insufficient completeness.

CONCLUSION

Found that the realization of abilities and competences in a competitive advantage depends on the properties of key competencies. When they have a long-term, indispensable and unmitigated complex, the best conditions are created for achieving a competitive advantage in a growing innovation market, expanding their share on it, and securing long-term economic rent. It is proved that from the market side such conditions are created by changes in the market environment that occur under the influence of shifts in the "five forces" of competition and discretionary processes in the external environment. The firm receives the highest opportunities in the absence of a gap between the quality of the available capabilities, competencies and conditions prevailing in the market under the influence of the external environment and the "five forces" of competition.

It is substantiated that in the markets of innovative goods, the role of the interdependence of the bundle "the competencies required by the market environment - the quality of the firm's real competencies - the consumers' expectations about the novelty and price of the goods" is increasing.

It has been proven that the high quality and complexity of the company's capabilities and competencies that meet the requirements of the industry market make it difficult for competitors to imitate innovation and extend the period of quasi-rent.

RECOMMENDATIONS

The results of this study useful in the development and implementation of the strategy of firms that create or update the commodity rows and forming new segments of the markets
of the respective industries and any organization looking to build on its market segment competitive advantage.

REFERENCES

1. Rockart, J. F. (1979). Chief executives define their own data needs. Harvard Business Review, 57(2), 81-93.
2. Leidecker, J.K. & Bruno, A.V. (1984). Identifying and using critical success factors. Long Range Planning, 17(1), 23-32
3. Prahalad C. K. & Hamel G. (1990). The core competence of the corporation. Harvard Business Review, 68(3), 79-91.
4. Fleisher, C. & Bensoussan, B. (2003). Strategic and Competitive Analysis: Methods and Techniques for Analyzing Business Competition, Prentice Hall, 2003 - Business & Economics.
5. Collis, D. J. & Montgomery, C.A. (1997). Corporate strategy: Resources and the scope of the firm. Chicago: IL: McGraw Hill/Irwin.
6. Schumpeter, J.A., (1934). The theory of economic development. Cambridge: MA:: Harvard. University Press.
7. Porter, M.E. (1991). Towards a dynamic theory of strategy. Strategic Management Journal, 12, 95-117.
8. Tumalanov, N.V. & Lukyanov, S.A., (2016). Import substitution as a factor in the provision and growth of life-supporting branches of the economy. Increasing the competitiveness of economic sectors as a way out of the economic crisis (pp. 139-146).Cheboksary: Chuvash State University.
9. Aleksandrov, A.U. (2015). Actual problems of improving the institutions of competition development and industry support. Scientific Review, 17, 318-323.
10. Tumalanov N.V., & Urusova I.N. (2016). Formation of institutional structures in the market system and their impact on economic development: monograph. Cheboksary: Publishing house of Chuvash State University.
11. Penrose, E. (1959). The theory of the growth of the firm. NewYork: John Wiley & Sons.
12. Mahoney J.T, Pandian J.R. (1992). The resource-based view within the conversation of strategic management. Strategic Management Journal, 13, 363-380.
13. Barney, J. (1991). Firm resources and sustained. Competitive advantage. Journal of Management, 17(1), 99-120.
14. Rumelt, R.P. (1991). How much does industry matter? Strategic Management 12(3), 167-185.
15. Schmalensee, R. (1988). Industrial economics: An Overview. Economic Journal, 98, 643-81.

http://www.eurasianjournals.com