Economic and Social Development

37th International Scientific Conference on Economic and Social Development – "Socio Economic Problems of Sustainable Development"

Book of Proceedings

Editors:
Muslim Ibrahimov, Ana Aleksic, Darko Dukic

Baku, 14-15 February 2019
Economic and Social Development
37th International Scientific Conference on Economic and Social Development – "Socio Economic Problems of Sustainable Development"

Book of Proceedings

Baku, 14-15 February 2019
COMPETITIVENESS PROBLEMS IN THE FIELD OF CONSTRUCTION MATERIALS INDUSTRY

Zanura Hasrat Aliyeva
"Consumer Goods Expertise” chair, senior lecturer at Azerbaijan State University of Economics (UNEC)
zenurealiyeva@yahoo.com

ABSTRACT
The main purpose of the research is to investigate the nature of construction materials and to make suggestions and recommendations to improve the mechanisms for the development and implementation of these marketing strategies based on the analysis of key factors that affect their competitiveness. The research was carried out on the basis of scientific abstraction and research methods such as systematic analysis, induction-deduction, analysis-synthesis, complex-systematic and situational approach, SWOT analysis. As a result of the research, the research restrictions: it requires a wider range of practical information. The practical significance of the research: The results of the research can play a positive role in enriching the scientific and practical knowledge in the field of efficient development of enterprises producing construction products in modern conditions, enhancing the main indicators of defining their competitiveness and strengthening their competitive positions, and effectively implementing marketing strategies. Scientific innovation and originality of the research: There were given suggestions and recommendations for the implementation of marketing strategies and providing competitiveness of construction materials product companies and was presented a generalized model of the identifying competitive positions of these companies in the market. Keywords: Competitiveness, competition strategy, balanced indicators, strategic chart, marketing strategy implementation mechanisms

1. INTRODUCTION
General rules and schemes for solving problems of strategic management appear in the framework of strategic management – fulfilment of analysis, choosing strategies and their realization. However, every field, enterprise, even every manager specifically comprehends and realizes management. At present time the specialist approach to the issue to increase competitiveness of the enterprise in the field of construction materials production and the matter of choosing effective development strategies in our republic are not at the required level. This is one of the reasons that competitiveness of local construction enterprises is low. Generally, as several local researchers have noted, evaluation problem of marketing outcomes studied on the basis of factors that identify strategy of action in market and affect production – sale activity almost remains unsolved at economic entities acting in the Republic of Azerbaijan” [2, p.134 ]. Management strategy of competitiveness accepted at equal level for all subjects of economic activity is not existed. There is not pre-developed strategy aimed to increase competitiveness of the enterprises at any field. There should not be the prepared decisions for all enterprises, so that they set various goals and settle different matters, activate in diversified competitive environment, possess different internal resources and obtain efficiency at various levels in their activities and etc. Management mechanism on competitiveness of enterprises for production of construction materials are reviewed conforming to general principals in the study held within the scope of this article. To the effect that “Development of serious activity conception of the enterprise and marketing strategy in market, setting of the theoretically substantiated targets and purposes, proper foundation of marketing activity under the circumstance of market require methodological investigations of marketing activity” [4 p.145].

1549
2. MANAGEMENT STAGES OF COMPETITIVENESS OF ENTERPRISES OF CONSTRUCTION MATERIALS PRODUCTION

Management of competitiveness of enterprises of construction materials production combines the following stages: analysis of domestic and foreign environments to identify the key factors constituting the competitiveness potential of the enterprise; evaluation of competitiveness of enterprise on schemes and indicators offered in the study; planning of level of competitiveness indicators, managing organization; evaluation and review of competitiveness in the framework of development strategy of competitiveness of enterprise. Managing mechanism of competitiveness can be described in figure 1 due to the offered principles. While conducting the analysis of external environment of enterprises in the field of production of construction materials, the necessary factors and main internal factors of competitiveness at areal and regional levels are detected; the specific factors for enterprises of construction materials in the territory of Baku city are defined: the highest increasing rate of construction between the areas of economy, raising the levels of incomes of business fields and people, the increasing rate of the construction at living, socio-cultural and industrial fields, the support of exported products, being open the internal market for external products, being relatively high of the expenses charged for the products in the enterprises of construction materials in Absheron district comparing with other districts, becoming the increasing rate of construction in Baku city. It is necessary that the aforesaid factors shall be considered in the process of competitiveness of construction materials. Evaluation of competitiveness of the enterprises covers working out the algorithm and calculating special indicators of competitiveness by the methods of differential, integral and the generalization, expertise evaluation, ranking. It is known that “the methodical approach based on obtainment of generalized indicators is applied to evaluate competitiveness of construction material” [6, p. 140]. Evaluation of competitiveness of the enterprise is comprised of the followings: evaluation of competitiveness of the produced products on the ground of consumer’s requirements parameters (quality of product, quality of sale, level of price), assessment of activity profitability and innovations. Social content of business is used as an indirect indicator of evaluation of competitiveness of the enterprise. The distinct expression of the evaluation results of competitiveness of the enterprises of field of construction materials allows getting the chart that indicates competitive position of the enterprise. The forthcoming stage of competitiveness management is a planning: planning of levels of competitiveness indicators of product and enterprise on the basis of special indicators of competitiveness. The substantial requirement for planning under the circumstance of modern market environment is a dynamics of the planning process. In this respect, it is based on viewing external and internal changes far away and adapting it. To use evaluation indicators resulted while defining level of competitiveness of the enterprises and competitors is purposeful in preparation of competitiveness indicators and on the basis of methodology offered in the scope of current research.

Figure following on the next page
Figure 1: Scheme of management of competitiveness of the Enterprise

Durability indicators for competitiveness of the product and demonstrators on efficacy and innovation of the enterprise denote the strong and the blind sides of its activity. To the extent that “workout or development and realization of management strategy of innovations combines the exploration of competitiveness conditions of enterprises at local and regional markets, raising the strong and the blind sides as initial condition of adoption of strategic decisions” [7 p. 129]. “One of the main terms of formation of highly efficient competitiveness field depends on providing background for broad reproduction. This may be available when the balanced, intersectoral relations are formed” [3 p.151]. This allows for understanding how to mobilize the powers to compare special indicators of evaluation of competitiveness of the product, values of efficiency indicators of activity, to eliminate the blind sides and to intensify enterprise’s position: to make corrections in policy of value whether to direct the powers towards improvement of the product or to increase the efficiency of working with consumers. It is possible to accord with such an opinion of some local researchers: “Different strategies are selected while implementing a policy of price under modern circumstance (defining the purposes)”. Long-term prices function in construction. On this account, selection of the changing price strategy in construction is more purposeful [1 p. 147]. It is more urgent to mark out the most obligatory and easily-removable one among the revealed week points. The events aimed for intensifying the blind sides of enterprise shall be grounded on planning the level of elements of competitiveness and as well realizing general strategy for increasing competitiveness of enterprise. Organization of management is included into necessary elements of managing mechanism of competitiveness and the supervision is attached to implementation of strategic plan. Implementation of strategy on development of enterprise, increase of its competitiveness relies upon profitability of management system and making strategy at daily operating level and at the level of all participators taken place in administration. This also depends on being understood the goal of strategy by management personnel, managers’ professionalism, and training for realization of their worked-out strategic plans.
According to the results of studies in this field, it may be noticed: “One of the most important duties of marketing under the circumstance of market economy and at competitive condition is a service rendered to consumer. Nowadays, one of the main reasons of being service level low in Azerbaijan is an insufficiency of qualified specialists. In this regard, increase of personnel’s knowledge level will be attached special attention to enhance service level at local companies”. [5, pp. 156-157].

3. REALIZATION OF MANAGEMENT STRATEGIES OF COMPETITIVENESS

Application of the balancing system of indicators acts as modern innovative method of management on realization of strategic purposes which this expresses means of strategic management that provides effective realization of clearly denoted plan of enterprise and ensures the supervision on realization of strategy basing on indicators that characterize to carry out strategic plans at current administrative level and grade for achieving the goals, profitability of management of processes and collaborators’ work. In the beginning of 1990s the system of balanced indicators designated by R.Kaplan and D.Norton has been tested at several foreign companies, different fields of activity and organizations. The system unifies financial and non-financial indicators which allow for evaluation of effect of non-material assets (innovative products, information technologies, professions, employee’s skills and motivation, mutual relation with consumers, providers, financial structures) on results of company’s activity. Strategic management based on system of balanced indicators covers four components: financial component (growth strategy, rentability (cost effectiveness) growth, increasing profitability), component of client (made and promotional strategy of products, working with clients), component of internal business processes (optimizing strategies of business processes directed to establish competitive superiorities), training and development component (to determine priorities of advanced vocational training, to increase staff’s motivation, to improve management organization, information technologies).

![Figure 2: Model of strategic chart of the balanced indicators system](image-url)
System of balanced indicators constitutes the base of a strategic chart) which is comprised of diagrams expressing strategy and management mechanism to achieve the set goals. Strategic chart describes cause-effect relationships of the arranged level and process of converting to real material (financial) results of non-material assets. Strategic chart contributes to understand directly the course of strategy and its realization. General model of strategic chart is issued in figure 2. While drafting strategic chart of construction materials industry, it should be focused attention on capacity of emptied residential areas having great effect on industrial strategic goals, provision of material base of high growth rate in construction, increase of investment in general economic growth and economy, repair of new constructions and buildings including perspective development of buildings and illustrations as well as construction site which their service life at all fields exceeds 45%. The chosen strategic development orientation of the enterprise depends on complying with modern competitive environment and as a result on providing the material base for all areas of construction and on protecting superiority of our republic in the domestic market of construction materials by joining the WTO. It is possible to totalize strategic goal of construction materials site as providing material base of construction in all directions and this shall be conformed to program relating with development of construction site or territory of this regions, sites and state and growth rate of construction. There is an increase of site incomes facing with financial component of strategy as a duty. Its realization is observed at increase of production capacity of construction materials at operating and new enterprises. Level of client component consists of indicators on customer valubleness which is expressed with followings: offering new materials due to changing construction technology and consumer’s requirement; to suggest innovative construction materials that bring down cost price of construction works significantly and make available the dwelling houses at various income levels for humans. Internal (territorial) component of strategy reflects activation processes: To aid organization and application of innovations as well as consultation services, involvement of investments, increase of product quality, fulfilment of ecological programs, provision of aid programs of structural objects, corporation program with regional management structures in coordinating plan of placement and development of site enterprises considering regional opportunities. Training and development component shall have programs of staff training on site, increase of status of agreements on level of salary at site and realization of studying strategic management. The offered algorithm of strategic chart of construction materials site will be as in figure 3. Strategic chart model of the balanced indicators system of construction materials site at enterprise level has been issued in figure 4. The offered model demonstrates various strategic processes and resolutions. They are acceptable at different grades for various enterprises. Strategic chart makes imagine on how to change to material results of delivery system application with different transport means to consumers and for example to increase the gained incomes yielded from sales by involving new clients non-material assets, for instance, specialized high professional collaborators. Supervision to management of competitiveness and evaluation shall be regular work for the enterprise which desires to achieve the considered result, for example, supervision to implement the budget. Supervision system can summarize the gained level of competitiveness comparing with the expected level due to the adopted evaluation system. These evaluation indicators reflect parameters of consumer’s requirement, efficiency and innovation on itself. Evaluation of management of enterprise competitiveness creates a comparison of the gained results with the expected results on the basis of realizing the system of balanced indicators.
Figure 3: Strategic chart model of construction materials site

Figure following on the next page
4. CONCLUSION

The following results can be noticed generalizing the analysis carried out in the article:

- Managing mechanism of competitiveness of construction materials enterprises shall be worked out and drafted on the basis of and due to enhancement strategy of competitiveness;
- It shall be taken into account of specific features of this field, characteristic factors revealed at internal and external circumstance, resources of manufacturing nomenclature referred to this field, the competitive intensity of different types of construction materials being at diversified degree and others while working out management mechanism of competitiveness;
- use of the balanced site indicators in management of competitiveness of the enterprise controls profitability of realizing the deemed plans of enterprise, implementation of
strategic goals at level of the current operative management and realization of increasing competitiveness strategy of enterprise;

- General model of strategic chart of balanced indicators system is given in figure 2. While drafting strategic chart of construction materials industry, it should be focused attention on capacity of emptied residential areas having great effect on industrial strategic goals, provision of material base of high growth rate in construction, increase of investment in general economic growth and economy, repair of new constructions and buildings including perspective development of buildings and illustrations as well as construction site which their service life at all fields exceeds 45%.

- The chosen strategic development orientation of the enterprise depends on complying with modern competitive environment and as a result on providing the material base for all areas of construction and on protecting superiority of our republic in the domestic market of construction materials by joining the WTO. It is possible to totalize strategic goal of construction materials site as providing material base of construction in all directions and this shall be conformed to program relating with development of construction site or territory of this regions, sites and state and growth rate of construction;

- The offered algorithm of strategic chart of construction materials site will be as in figure 3. Strategic chart model of the balanced indicators system of construction materials site at enterprise level has been issued in figure 4. The offered model demonstrates various strategic processes and resolutions. They are acceptable at different grades for various enterprises. Strategic chart makes imagine on how to change to material results of delivery system application with different transport means to consumers and for example to increase the gained incomes yielded from sales by involving new clients non-material assets, for instance, specialized high professional collaborator.

LITERATURE:
