STRATEGIC COMPETITIVENESS OF A TRANSPORT COMPANY

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ABSTRACT

Management of strategic competitiveness is presented by the authors as the management of system of functional subsystems, local goals of which should be harmonized with a global objective of ensuring a growth of resource productivity of a transport company. Development of economically sound decisions requires the use of quantitative and qualitative analysis of a situation in transport services markets and of labor resources in their interrelationship and interdependence. Local objectives and criteria used for operation of subsystems define local efficiency criteria. However, both here and at the global corporate level a growing productivity capacity is becoming a crucial instrument of achieving competitive advantages. Assessing major resource components and development priorities, the article shows the feasibility of strategies with account for real risks of loss of industrial, economic, financial security, reliability of management structures and relationships.

ENGLISH SUMMARY

Background. *Any task of operational and ongoing management ensures a normal functioning of production, if it can be solved within the framework of a certain strategy. Therefore, whatever the approaches to the management of competitiveness of a transport company are, they should be considered as a tool to ensure strategic competitiveness [1].*

Objective. *The objective of the authors is to investigate different aspects of strategic competitiveness of a transport company.*

Methods. *The authors use analysis and comparison.*

Results.

Market prescribes functions

With all the variety of definitions of the categories, it is important to keep in mind that the strategic competitiveness depends on the ability of a transport company to efficiently develop in a foreseeable future. For this purpose, it should be competitive at least:

in the transport market, increasing the share of a company at a level that will ensure the fulfillment of transportation in economically reasonable amounts;

in the labor market, recruiting staff in competition with others of their «consumers»;

in the market of railway equipment, acting not only and not so much on a relatively narrow market of ready-made samples of products, but in the market of innovations, competing for «creating brains» with other sectors of economy;

in the market of material resources, providing industrial activity at a sufficient level of reliability and quality;

in the market of financial resources, striving to achieve the first place in the struggle for a significant amount of «long» credit money, for more effective functioning of a monetary system of an enterprise.

Successful competition on a relevant market has certain competitive advantages. And management of strategic competitiveness aims at maintaining them, giving them a managed nature for a long-term development.

The organization of such management is associated with a variety of factors, the behavior of a number of elementary subsystems, reflecting peculiarities of a transport company. For the sake of ensuring the effectiveness of a transportation process basic lower subsystems interact to form a subsystem of a higher level, with varying degrees of generality. So as an object of management a transport company is a large system, with highly developed communications and relationships in which relations of hierarchy play a significant role.

In a multi-level management system in view of production structure relatively isolated targets are following functional subsystems: marketing, production, engineering, finances, economics, investment, human and intellectual resources, management. Under certain conditions, when the activities of a transport enterprise include innovation activity, innovative subsystem can be considered as an independent one.

It can be noted, that a problem of managing strategic competitiveness is solved in the areas of system relations, which are elements of a system and a system as a whole, the goals and objectives of the elements of the system as a whole, parameters-indicators and methods of management of elements, parameters- indicators and management methods of a whole system.

Global competitiveness of a transport enterprise is ensured only if a way to achieve it is based on a general property of an enterprise as a production system, by which it may be competitive in a strategic perspective. Numerous studies have shown that company, successful in its development becomes a production system that wins in the performance of its capacity. This criterion receives a direct expression in terms of efficiency of transport production – resource productivity [2, pp.36–39].

Considering an objective diversity of performance criteria of a transport production in their hierarchy, we believe that a global purpose of managing strategic competitiveness must be to secure a certain level of resource productivity measured by profit (measures of financial performance calculated as a ratio of profit from transportation to a common set of used resources of means of production and labor resources in value terms). Getting a decent impact of resource productivity is associated with ordering of development goals of functional subsystems in their interrelation and interdependence, based on the competitive priorities of a transport company as such.

Under these conditions, for example, marketing activities on transport services market should provide a volume of traffic, which enables to «load» resources to such an extent that it is possible to realize the best performance of a system. Thereby there is a marketing objective not simply to increase the share of an enterprise on the market, but to build up a certain volume of transport services on the one hand, and to form opportunities for its growth, on the other. Performance itself will be determined by how efficiently

(optimally) production activity is organized and carried out. The achieved performance ensures a high level of profitability of production, sales and production as a whole, it is sufficient for the formation of significant amounts of profit, and, ultimately, savings. Moreover, the rate of accumulation, ceteris paribus enables to improve the quality of transport services, transportation technology at the expense of technical re-equipment of production.

Solution of management tasks in relation to a global purpose should be based inevitably on a factor model of financial efficiency of a transport company, which includes parameters (indicators) of conduct of functional subsystems, representing, in fact, local goals of their development. Management process in this case involves simulation of various competing options for implementation of a strategy with different terms of assessment of expected resource productivity level by profit. During the formation of the options are used:

methods of quantitative (parametric) analysis, which are able to track the dynamics of quantitative changes within a phased development strategy of a transport company. They include: methods of statistical analysis, which help to determine a degree of connection and a measure of dependence of resource productivity and evaluation factors in multitude, taking into account cycles, time lags, interdependence of phenomena and their consequences; methods of economic analysis, which aim at identifying a role and impact of individual factors on dynamics (degree of achievement) of resource productivity in the current activity;

methods of qualitative (non-parametric) analysis, enabling to evaluate qualitative changes in the development of a transport company, guidance on strategic competitiveness or a new strategy of a current behavior. Here the best known methods are: method of experts (method of expert estimates), which allows to identify a probable course of events, risks and consequences of decisions; scenario method when a model of a future is built, which describes an objectively valid course of events in a big probability of their realization, as well as options of mid-term and long-term forecasts.

Management of functional subsystems is naturally focused on achievement of local goals, maintaining a certain level of competitiveness of a company. Since different activities are targeted, even while maintaining a common approach to the organization of current processes, management decisions themselves are strictly individual. Individuality is determined by local goals, local criteria of subsystems functioning and as a result, by local performance indicators.

Now we consider these issues in relation to certain functional subsystems.

Management subsystems

*In case of **marketing subsystem** a task to improve competitiveness of transport services is solved. This enables not only to control a significant share of a profile market, but also to ensure in a competitive struggle economically viable volume of traffic, through which a desired amount of profit is achieved.*

In marketing should be applied:

– methods of quality management, taking into account the fact that quality of transport services is entirely determined by the quality of mass transportation process as a single system of various technological processes, implemented at stations, sections, distances and depots. Even at the level of management of transport products quality it is necessary to apply methods of SWOT analysis and industry analysis, segmental analysis of the market, stimulated research in the transport industry;

– management practices for promoting products on the markets, including branding, advertising, etc

– pricing methods, related to a specific tariff policy established in a strategic plan and to flexible tariffs in the current activity.

*For **production and technical subsystem** a goal of management is improvement of productive capacity of a transport company. Accordingly, the targets here are indicators of profitability and costs of transport services. And indicators are, on the one hand, indicators of extensive and intensive use of technology in all their diversity, employee productivity, unit costs of material resources, etc.; on the other hand there are indicators of technological processes quality at all stages of a transportation process.*

With such a diverse and large-scale combination of indicators we should take into account a variety of methods of production management, including:

– methods for valuation of technological processes according to time of using equipment for technological operations, unit labor costs of a certain skill level, specific (technological) consumption of material and energy resources;

–methods for rational organization of production in the widest sense, including the main thing – transportation process, services (primarily repairs and equipping), labor and logistics support etc.;

– methods of cost-effectiveness analysis in strategic and ongoing management;

– methods of ongoing and operational planning of production;

– methods of ongoing and operational analysis of production processes by criteria of volume and quality of work;

– methods of management of production processes quality;

– incentives of workers employed in manufacturing.

*Management of **financial and economic subsystem** involves primarily a high efficiency of circulation of financial resources and the preservation of a sound financial condition of a company. Therefore targets are:*

– in management of financial resources there are indicators of cash flow, mainly due to revenue from the provision of transport services, cost of revenue, profit after taxation and reinvested earnings;

– in management of solvency there are indicators of liquidity and financial stability. The following indicators are also taken into account: availability, inflow and outflow of funds in the implementation of various activities (current, investment, financial), absolute and relative size of borrowed funds (primarily short-term and long-term loans), effectiveness of investments in productive capacity of a company and many others.

To manage this subsystem we should use:

– pricing methods that support a reliable flow of financial resources from the sale of products and the minimum outflow to acquire necessary material and technical resources, based on the situation in the markets;

– methods of cost optimization, ensuring the most efficient use of reserves and inflow of financial resources both own and borrowed (including balanced growth model);

– methods of financial planning and budgeting, coordination of inflow and outflow of funds in the current financial activity;

– other methods of financial management.

Investment subsystem *aims at improving technical and technological level of transport production. Determined parameters are the use of advanced types of traffic equipment and transport technology, on the one hand, and economic and environmental safety – on the other hand. Ensuring indicators reflect potential and accepted portfolio of innovation, scope and structure of the current capital investment, activity in the acquisition of new and modernization of existing equipment, construction and reconstruction of engineering objects, the introduction of more sophisticated manufacturing operations in the work stations, sections, distances and depots.*

Decision-making process uses:

– methods of monitoring of innovation market in the field of transport equipment and technology, their comprehensive economic assessment;

– methods for evaluating economic, environmental and social efficiency of technical and technological innovations, their harmonization;

– methods for development of credit and licensing policies for the rational use of various mechanisms of borrowing funds and leasing mechanism;

– methods for optimization of investment under conditions of their limited amount for service of a current portfolio of innovations;

– methods of diversification of technological risks, achievement of high reliability and safety of a transportation process in the railway network, individual sectors and ranges at the stage of continuous operation.

For ***human and intellectual resources subsystem*** *a main goal is to build a team of employees who can formulate and solve problems, arising from the company's development strategy and increasing demands on the quality of transport activity. In the organization of management we should focus on targets of qualitative composition of employees, labor productivity, level of nominal wages and real income, which takes into account availability of a social package. They relate to indicators of personnel management, reflecting the ongoing work.*

A condition to solve a complex of problems and challenges of functional subsystems and a transport company as a whole is efficiency of ***managing subsystem*** *represented by a system of control apparatus at various levels which ensure the adoption and implementation of management programs of a certain degree of complexity. With all the variety of activities a target figure should be an indicator of resource productivity, since a global goal of economics and management is to ensure (or facilitate) performance improvement of potential and development of a transport company, and hence the high level of competitiveness in a strategic plan.*

If we consider the higher-level management, its main management solutions should refer to:

- *Firstly, the objectives of long-term and medium-term development of a transport company as a whole and its functional subsystems, a single policy in compliance with marketing, technical, economic, informational, human, social and other spheres;*
- *Secondly, interaction with each other and with the environment of relatively independent subsystems, which give the maximum of synergistic and self-organizing effects;*
- *Thirdly, the distribution between subsystems of the most significant and limited resources, including financial, with account for priorities of a strategic competitiveness of a transport company.*

Conclusions. *Under certain conditions, factors in multitude have a different impact on the parameters of conduct and its efficiency. Therefore, the parameters of rational conduct can be successfully implemented firstly, to the knowledge of factors and mechanism of their influence; secondly, to account of prospects for change in factors influencing activity and outcomes; thirdly, to the monitoring of ongoing changes of factors in reality and assessment of their impact on the implementation of the adopted strategy.*

It follows that an effective system is a system of management of current conduct and strategic development of objects while its formation is based on the implementation of highly organized functions of the management:

- *monitoring of the situation in accordance with the system of economic indicators that most accurately represent activity as a set of interrelated and interdependent phenomena of varying degrees of generality;*
- *analysis of activity and its facts and phenomena involving information models of high adequacy for the purpose of a strict evaluation of the impact of individual factors and their groups;*
- *forecasting the behavior of an object in all its diversity and complexity of manifestations, of development trends in the real world on the basis of identified trends and cyclical fluctuations;*
- *modeling of conduct options of an object as a reflection of strategies that consider capcity and emerging risks, affecting resources, and regarding threat of loss of a relevant level of industrial, economic, financial safety.*

Keywords: strategy competitiveness, transport company, competitive advantage on the markets, functional subsystems, global and local goals, management practices.

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