



## PROBLEM OF ASSESSING ENTERPRISE'S POSSIBILITIES TO COMPETE AND ITS POSSIBLE SOLUTION

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**Abstract.** As a research object competitiveness is characterized by some specific features which cause a variety of research results and impede the assessment of competitiveness. For example, the assessment according to the reached results shows how competitive the enterprise was in the past and why it had taken such competitive position in the market. Assessment according to the available resources and capabilities indicates whether the firm is competitive at the moment. Such a view expresses only the potential of competitiveness and does not show the enterprise's possibilities to compete in the future. The mentioned problem is revealed and the need as well as the structure of subsidiary in its purpose element of the used model of competitiveness (proposed by M. J. Stankiewicz 2005) – competitive ability as the assessment instrument of the enterprise's competitiveness – is substantiated in this article. The performed analysis allows us to maintain that the enterprise's ability to compete can be assessed by evaluating the adequacy level of the enterprise's activity parameters forming this ability into the ideal case, unlike the competitive advantage that can be determined only by comparing all enterprises in the market or knowing their average competitiveness.

**Keywords:** assessing possibilities to compete, structure of competitiveness concept, enterprise's ability to compete, ideal type.

**JEL Classification:** M100, M190.

## ĮMONĖS GALIMYBIŲ KONKURUOTI NUSTATYMO PROBLEMA IR GALIMAS JOS SPRENDIMAS

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**Santrauka.** Kaip tyrimų objektas, konkurencingumas turi tam tikrų specifinių bruožų, dėl kurių tyrimų rezultatai pasižymi įvairove, apsunkinančia paties konkurencingumo įvertinimą. Straipsnyje išryškinama ši problema ir pagrindžiamas pagalbinio konkurencingumo sąvokos struktūros (pasiūlytos M. J. Stankiewicz 2005) elemento – gebėjimo konkuruoti kaip įmonės konkurencingumo vertinimo priemonės poreikis ir struktūra. Atlikta analizė leidžia teigti, kad skirtingai negu konkurencinį pranašumą, kurį galima nustatyti tik palyginus tarpusavyje visas rinkoje veikiančias įmones arba žinant „vidutinį“ jų konkurencingumą, atskiros įmonės gebėjimą konkuruoti galima įvertinti, įvertinus jį sudarančių įmonės veiklos parametru, lemiančių gebėjimą ir mokėjimą konkuruoti, atitiktis teoriniam idealiam atvejui laipsnį.

**Reikšminiai žodžiai:** galimybių konkuruoti nustatymas, konkurencingumo sąvokos struktūra, įmonių gebėjimas konkuruoti, idealus tipas.

## 1. Introduction

Competition is the main form of interaction between economic entities (enterprises – in this article) in market economy. It can be understood in a static sense – as a fluxion of a particular market structure, which means tension between enterprises, or in a dynamic sense – as a process, struggle of the market participant when a new situation in the market is formed. Both are described as competitiveness.

Competitiveness in business is not only an instrument of entrance into the market. It has become the factor determining and defining the enterprise's strategy of the struggle for the future market position (Porter 2006: 16). The lack of competitiveness means the enterprise's withdrawal from the market or at least the loss of possibility to manage its future and recognition of a stronger competitor's dominance (Tubielewicz 2004; Staskevičiūtė, Tamošiūnienė 2010; Balkytė, Tvaronavičienė 2010; Balkytė, Paleckis 2010).

Competitiveness not only of the enterprises, but also of other equal economic entities has attracted great attention of scientists because of its importance. As a research object competitiveness is characterized by some specific features which cause a variety of research results and which impede the perception and assessment of competitiveness as the feature of enterprise (or other economic entity). The most important is the fact that competitiveness does not have characteristics that allow measuring it directly (Gorynia 2002; Boguslauskas, Kvedaravičienė 2009; Navickas, Malakauskaitė 2009, 2010; Ginevičius, Krivka 2009, 2010). Therefore, the results of various researches do not reflect competitiveness in general, but more as the subject's particular state in regard to a similar entity. For example, the assessment according to the reached results shows how competitive the enterprise was in the past and why it had taken a competitive position of this kind in the market. The assessment according to the available resources and capabilities demonstrates whether the firm is competitive at the moment. Such a view expresses only the competitiveness potential since numerous authors in one accord propose that resources (their amount and quality) do not guarantee future competitiveness. The comparison of two or more enterprises shows their competitive advantage over others.

Gaining competitive advantage in the future is the main precondition for the existence and the main objective of the enterprise, which requires taking certain actions immediately. Limits and directions of such actions are defined by the attitude to competitiveness where it is perceived not as the enterprise's feature which allows it to participate in competition, but as the ability to create and use favourable conditions for the growth of the enterprise (Porter 2006), i.e. ability to compete. The ability to compete is a precondition for gaining competitive advantage (i.e. become competitive with regard to other enterprises).

By determining the methods for identifying and assessing the enterprise's ability to compete and by combining these methods into a system, the tool for the enterprise's management that allows the managers to select adequate strategic decisions can be created (Bivainis, Zinkevičiūtė 2006; Rutkauskas 2008; Valentinavičius 2009; Ginevičius *et al.* 2010).

It can be stated that the search of the answer to the question *how it could be judged about the enterprise's ability to compete (to be competitive in the future) by the existing parameters affecting its activity* remains a relevant scientific and practical problem pending in this work.

*Aim of the research:* to substantiate the methodological and existential possibilities and goals of the research of the enterprise's ability to compete.

*Objectives of the research:*

- to determine the methodological possibilities and aims of the research of the enterprise's ability to compete;
- to crystallize the concept of the enterprise's ability to compete as the instrument of advance assessment of competitiveness and its peculiarities distinguishing it from other elements of competitiveness;
- to determine the position and evaluation purpose of ability to compete in the enterprise's strategic management process.

*Methods of research.* Three-level – decomposition, cognition and description of elements, integration of gained information – analysis model (Waszczyk, Szczerbicki 2003: 6) of the research object (competitiveness) as well as methods of abstraction, analysis, summarization, genetic, modelling, synthesis, systems analysis are used within the framework of this model (Tidikis 2003: 355–565).

## 2. Objectives and methodological possibilities of the research of the enterprise's ability to compete

In industrial and post-industrial societies distinguished by instrumental thinking, management is focused on achieving practical results – effectiveness, innovativeness, profitability, competitiveness, etc. Complex processes of cognition and interpretation of the organization<sup>1</sup> lie behind this practicality. The aim of scientists is to create models strict enough but comprehensive as well filling the gap between theory and practice (Porter 2001: 8). Organization and management methodology searches for the rules enabling to get knowledge precise enough and make changes increasing the effectiveness of the organization's performance. Those rules are quantitative and qualitative research techniques,

<sup>1</sup> Methodological possibilities of research of enterprise's ability to compete are analyzed referring to the scientific works studying methodological questions of general organization management. Therefore term organization is used in parallel with term "enterprise" which is accepted in scientific literature of mentioned field.

organizational metaphors, management paradoxes, symbols and archetypes.

Modern management methodology disposes four groups of cognition methods:

1. pragmatic methods;
2. empirical methods;
3. formal methods;
4. perceptual methods.

Specific purpose is provided for these methods in the methodology of management science. Practical methods serve for searching the ways of increasing effectiveness of the organization, empirical – for cognizing (reflecting) the organization and management as the reality, formal – for creating logic and/or mathematical structure, perceptual – for cognizing and interpreting the organization and management as the constructive state (Sulkowski 2005: 105). Besides, as the author affirms, the management methodology is oriented into the solution of two problems:

- cognition, i.e. cognition methodology of the organization and management as the process, including analysis, summarization, deduction, induction, modelling, synthesis, systems analysis, empirical methods, etc.;
- organization's "changing", i.e. methodology of the organization management, including the methods of organizational research and prognostication, production management, strategic management, financial management, human resources management and management of other elements of the organizations performance (Fig. 1).

It is necessary to emphasize that the boundary between cognition and practice in management is not very clear. The process of cognition in management is mostly related to particular "interference" into the processes in the enterprise and in most cases improvement of enterprise's management is done through cognition of the enterprise and those processes. M. Porter (2001: 8) as an important advantage of his approaches (outgoing from the cognition process of competition) considers that they are always verified in practice.

### 3. Crystallization of the concept of the ability to compete

One of the directions in which theory and practice of the enterprise's behaviour in the competitive struggle is developing is based on the instruments created by management science and/or adapted from other fields.

Competition theories, concepts and models (these terms are used by M. Gorynia (2002)) enable us not only to cognize the regularities of the competitive struggle, but also to identify factors ensuring success in this struggle. They are of interdisciplinary character and use the achievements of economics and management sciences. The main attention

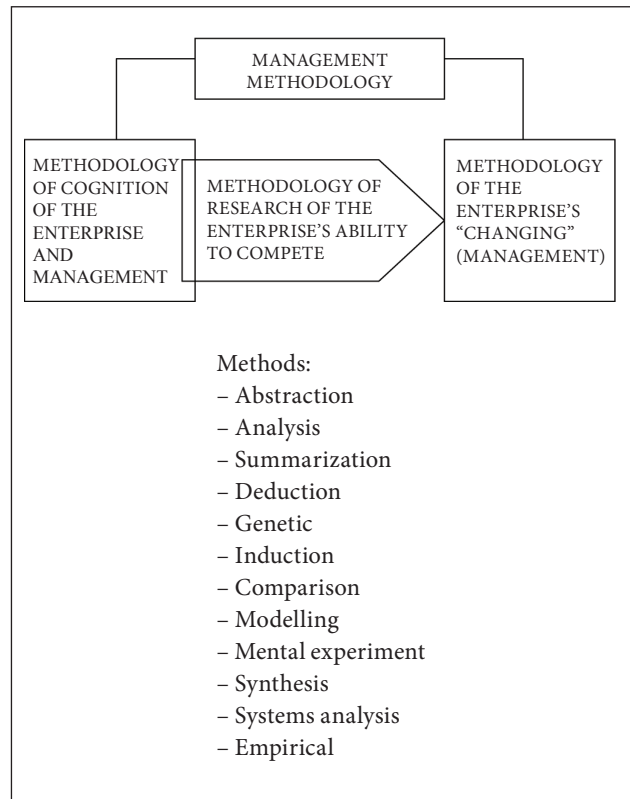


Fig. 1. Position of methodology of the research of enterprise's ability to compete in general methodology of management science and the whole of methods (Source: created by authors)

there is paid not so much to competitive struggle itself, but to the ability of economic entities to take part in this struggle generally called competitiveness. It is not in vain that the name given to the approaches of this direction is "competitive advantage theory of competition" (Hunt, Morgan 1995).

The enterprise's success in competitive struggle depends on what and how much they stand out among other enterprises. This statement is not original since in the resource cited here (Porter 2001) the author refers to it more than once indicating various circumstances which lead to the unique features of the enterprises and at the same time to a success in competition struggle (IT application, participation in clusters, advantages and dangers brought about by globalization). But this statement shows clearly that the possibilities of a particular enterprise to compete successfully in the competitive struggle can be determined by:

- unique internal and external resources disposed by the enterprise;
- unique external circumstances which can be used by the enterprise;
- unique capabilities to find and use resources, discover external circumstances and combine these into a unique combination.

The assessment of the disposed resources and capabilities can display the enterprise's competitive advantage over others (provided that it is possible to compare their situation), but the researchers maintain the same opinion that "disposing unique resources does not automatically guarantee better performance for the enterprises" (Becera 2008; Peteraf 1993; Priem, Butler 2001; Barney, Arian 2001; Newbert 2007, etc.).

For these reasons in seeking to realize the objectives of this paper it is necessary to distinguish the element in the structure of competitiveness which can express competitiveness not as a present static or attainable position but as a 'mechanism' of transition from one position to another and outperforming one's competitors in planning, balancing, organizing and managing. For this purpose the model of competitiveness structure proposed by Polish scientist M. J. Stankiewicz (2005) can be used (Fig. 2).

According to the opinion of the model's author, management of competitiveness is accomplished through "continuous, expedient, considered and planned influences on its particular elements taking into account the reverse connections between them" (Stankiewicz 2005: 89).

Competitive potential and competitive advantage achieved on its basis should be considered as the most relevant elements of the model. Competitive position to be achieved in the future is useful for enhancing the enterprise's competitiveness as much as it is attractive for particular interest groups. The present competitive position (if it is good) can be used as the element of competitive potential (e.g. the enterprise performing successfully can be attractive to foreign investors).

According to the accepted competitiveness model, the elements of competitive potential and competitive position reflect a fairly static point of view to competitiveness (competitiveness as a position at a certain moment of time). The third element – competitive advantage – according to M. Porter (2001: 91–188) can be analyzed in two ways:

- as comparative advantage revealed in comparing particular performance parameters of the enterprise (product/service prices, quality and others) with analogical parameters of other enterprises;
- as absolute advantage assessed by expressing the enterprise's competitiveness in some measure (for example, sales amount or income per time unit).

The latter approach identifies competitive advantage with the conception of competitive position. Absolutism of the enterprise's competitive advantage perceived like this is questionable as it is revealed only when comparing its results with the ones of other enterprises.

Both comparative and competitive advantages in Porter's approach are expressed in effects visible from outside – product/service prices, quality, sales amount, etc. But these effects are created inside the enterprise earlier than

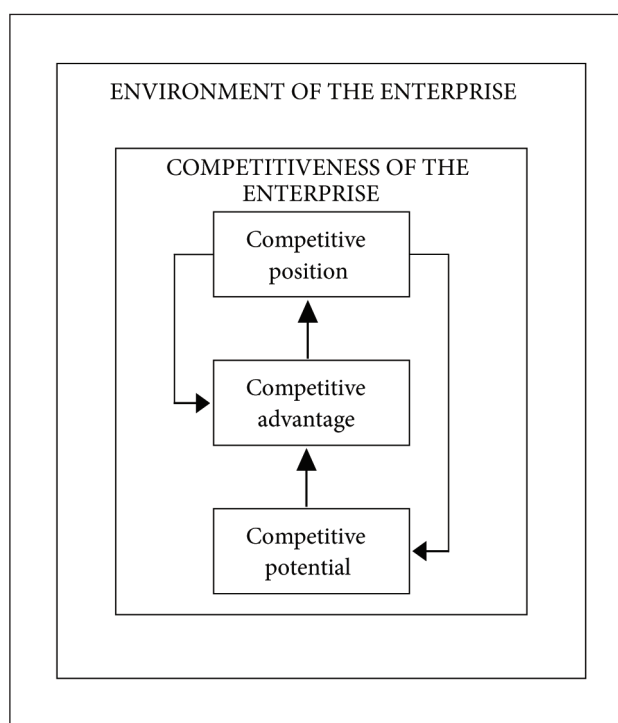


Fig. 2. Model of the enterprise's competitiveness structure (according to Stankiewicz 2005)

they become visible. Therefore, from the point of view of gaining knowledge which enterprise as the actor of competitive struggle should dispose, a very relevant field of theoretical and practical research is the process of choosing the resources and actions serving for gaining competitiveness in the future. In other words, it is necessary to assess in advance the position which would enable the enterprise to gain competitive advantage. Such position should be determined by exploring expectable effectiveness of actions performed on the basis of the enterprise's competitive potential and which could be considered as the strength of the ability to compete – the enterprise's possibilities to successfully participate in the competitive struggle. In other words, the ability to compete is a potential competitive advantage which could be gained by the enterprise in the future.

Unlike competitive advantage, the ability to compete expresses the enterprise's particular feature which is not characterized by relativity in the sense that it is revealed only when comparing the given enterprise with others. It should be admitted that the ability to compete as every measurable variable must have a certain point of reference, the value in respect to which it becomes relative. In such a case, however, not the relation with the positions of other enterprises is determined, but, rather, with the certain known optimal – ideal – case.

M. Weber, the author of this construct, used the term of ideal type in various contexts, but the perception of the

ideal type as a research category should be considered as the most relevant one (Gorynia 2002). With its content, the ideal type in economics is a concept which fails to reflect the reality. It is a utopia overestimating certain elements and combining them into an imaginary scheme – the ideal type. The researcher assesses the phenomena distinguishing those which are considered as the most relevant and combines them into a whole construct while creating an ideal type. As M. Gorynia (2002) affirms that “it seems that the main role of the ones that M. Weber ascribes to the ideal type is with the help of this instrument to manage and assort the empirical data according to their proximity to the ideal type” (Gorynia 2002: 14).

Another Polish author L. Nowak (1985) explains the ideal type more clearly: as a research instrument of economic and social phenomena. According to him, as an ideal one could be considered the process or phenomenon proceeding under certain described course without interference, free from external (those which are not included into schedule) factors, under the theoretical principle independent of time and place. Though the mentioned author admits that such phenomena or processes are not possible in reality, this fact is not considered by him as the reason not to use the ideal type as an instrument for research of real economic and social processes. The ideal type determines the principal mechanism of the explored phenomenon or process and deviations from a typical course can be explained by the interference effect. The ideal type perceived in this way can be considered as a model where the assessed elements of the phenomenon (variable) attained extreme values.

The circumstances mentioned is the main reason to introduce subsidiary in its purpose element into the competitiveness structure enabling all concerned (researches, experts, managers) to determine and assess those resources and action with them which determine the enterprise's competitiveness in the future.

The concept of the ability to compete as well as other ones related to competition and competitiveness is not unique, i.e. used exclusively in this paper. Alongside with the concepts of competitive advantage, competitive potential, competitive position, it is encountered in many scientific theoretical and practical works intended for competitiveness of economic units of various levels. Unfortunately, the concept of competitive ability reaped even more diverse treatment than competitiveness itself or its components. This impedes the choice of such definition of ability to compete which would be expedient for creating an indicator system for its assessment (i.e. operational definition).

It is interesting that the concept of competitive ability is rarely used in Anglo-Saxon scientific resources of economics and management field: this concept was found only in a few of more than fifty publications intended for

competitiveness, strategic management and similar problems published in “Strategic Organization”, “Journal of Management”, “Journal of Business and Entrepreneurship” and “European Small Business Journal” during 1998–2009. But competitive ability is very often met in the literature of biology science where it defines the ability of plants or live organisms (e.g. Gill, Zerner 2006; de Rode *et al.* 2005) to survive in their surroundings. Perhaps for this reason the definition of this concept can be formulated by using the scientific work of exactly this field (Goldberg 1996): *the feature indicating direct dependence between the enterprise's individual characteristics and its possibilities of success in competitive struggle should be considered as ability to compete.*

The term ‘ability’ in the Lithuanian language as well as its equivalents in other languages means knowledge and accordance (Dabartinės lietuvių kalbos žodynas 2000) to do something. The word “knowledge” is related to acting subject's knowing how to act. Whereas the word “accordance” – with physical features of the subject. Transferring those statements into the plane of enterprise's competitiveness analysis it could be stated that the ability to compete<sup>2</sup> consists of two interrelated components (Fig. 3):

- accordance, i.e. physical possibilities to do – possession of resources, workforce, equipment, raw material, etc.;
- knowledge, i.e. knowing how to use competitive potential as effectively as possible – how much and which most important resources must be possessed and what actions with them must be accomplished.

The sources of both contents are material and immaterial resources of the enterprise.

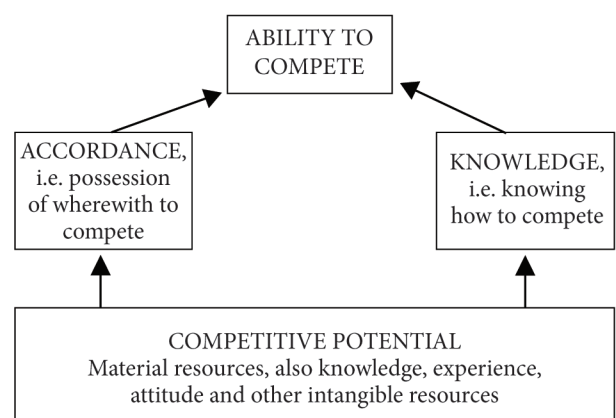


Fig. 3. Structure of the concept of ability to compete (created by authors)

<sup>2</sup> Enterprise's ability to compete must be differentiated from organization's capabilities to perform certain actions related to its functioning. Capabilities of latter type are called operational or functional.

Also, the ability to compete greatly depends on common environment of the enterprise which influences both accordance and knowledge to compete (Bossak, Bienkowski 2004; Wan 2005; Dacin *et al.* 2007; Brouthers *et al.* 2008; Herrmann 2008). Therefore, the environmental factors must be reflected in the assessment methodology of the enterprise's ability to compete. This is the problem requiring a special solution.

Relating the concept of the ability to compete to the systemic approach of the enterprise it can be stated that competitiveness of the enterprise as the system (Fig. 4) appears when the enterprise:

- is able to find, acquire and/or create appropriate resources inside the enterprise;
- is able to perform actions on the basis of these resources for creation of unique products/services;
- is able to sell these products/services to customers (use its capabilities in the market);
- is able to distinguish possibilities in the environment and use them;
- and, most important, is able to do it better than the competitors.

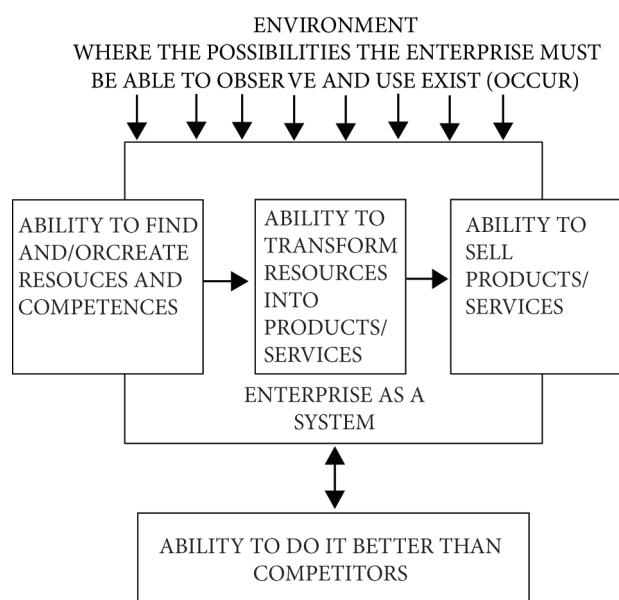


Fig. 4. Appearance of competitiveness of the enterprise as a system (created by authors)

The ability to compete cannot be identified with competitiveness<sup>3</sup> and must be perceived as a much broader concept than competitive position, competitive potential or competitive advantage (or the 'sum' of these elements). The ability

<sup>3</sup> J. Misala (2007) in the title of his book clearly distinguishes those two concepts.

to compete is the assessment of the enterprise's or economic subject's of any other level potential to realize strategic (i.e. oriented to the future) aims. This totally coincides with the context of M. Porter's works which show that competitiveness is perceived not as the enterprise's feature allowing the enterprise to participate in competition, but as the ability to create and use favourable conditions for the growth of competitiveness. The ability of the economic subject to compete has to be assessed not in the category of maximization of partial effects, but, rather, in the category of the whole optimization, because the subject's ability to perform in changing conditions and in continual necessity to choose decisions requires initiative, creativeness, elasticity, knowledge to assess and take a risk.

#### 4. The position of the ability to compete and the purpose of its assessment in the enterprise's strategic management process

M. Porter affirms that "every enterprise competing in a particular sector has its competitive strategy" in his work "Competitive Strategy: Techniques for Analyzing Industries and Competitors" (Porter 2006: 18). Despite the fact that there exists a critical point of view to the strategy as the instrument for management of the enterprise's activity<sup>4</sup>, huge interest in formalized strategic planning exists between managers determined by the intention to find the answer to the question how to prepare the enterprise for sustainable competitiveness (Porter 2006).

Quite numerous theoretical and practical researches of creating and realizing strategic processes are oriented to the search of the answer to such questions (Whittington 2003):

- How and where do strategizing and organizing proceed?
- Who formally pursue these activities and how do they prepare for this?
- What skills and capabilities are necessary for this?
- What are the instruments and techniques of strategizing and organizing and how are they implemented in practice?
- How are strategizing and organizing realized in the enterprise?
- How is information on the strategies worked out disseminated and how are these strategies implemented?

Alongside with the questions mentioned above one more question rises in the context of the aim of this paper – what position do the cognition and assessment of enterprise's ability to compete hold in the process of strategy preparation

<sup>4</sup> Arrangement and implementation of strategic (long-term) plan is compared with driving in the mist with long flashlights: it is not only unhelpful for distinguishing what's in the distance (in the future), but also disturbs to see what's near (i.e. to orient in the present moment).

and realization? The answer to this question lies in one of the first (1979) publications of M. Porter "How Competitive Forces Shape Strategy" (cited from Porter 2001: 24–25). Here it is stated that the intensity of competition in any sector depends on five forces: the current competitors, new potential competitors, bargaining power of suppliers, bargaining power of customers and the appearance of potential substitutes. Independently of the strength of these forces, the purpose of the enterprise's executives (the author uses the term 'strategists') is to find such position in the market where its capabilities can be employed to overcome these forces or even influence them. For realizing this objective it is necessary: firstly, to get to know the competitive forces of the sector and, secondly, to realize the enterprise's ability to resist.

This paper is based on the version of approach of the enterprise's interaction with the market forces when the enterprise due to its features takes the position where its capabilities through adequate strategy enables it to resist and even influence the market forces. This version is expressed by the competitiveness concepts of the enterprise which emphasize the use of the enterprise's internal resources, capabilities<sup>5</sup>, knowledge, competences in competitive struggle: resource-based view, competence-based view and the concepts of core competences as well as dynamic capabilities.

The ability to compete can be considered as a potential competitive advantage which is revealed only when two or more enterprises meet in the market. Thus a very important circumstance for further considerations is revealed: the enterprise's ability to compete can be assessed by evaluating the adequacy level of the enterprise's activity parameters forming accordance and knowledge to compete to the ideal case, unlike the competitive advantage can be assessed only by comparing all enterprises in the market or knowing their average competitiveness. It means that the enterprise's executives will get a reliable instrumentation for establishing starting positions of strategizing.

Such instrumentation can supplement a well known method of SWOT analysis. M. Porter (2006: 18) indicates that the competitive strategy is created taking into account two aspects:

- strengths and weaknesses of the enterprise and
- potential opportunities and threats.

The scientific literature addresses certain defects of the SWOT method, such as difficulties to get reliable information or subjectivity of evaluation of the enterprise's features (Collis, Rukstad 2008; Nogalski 2008; Krupski *et al.* 2009). But the basic problem using this method is to assess which features should be ascribed to strengths and which ones to weaknesses, which environmental factors should be considered as opportunities and which ones as threats?

The wrong 'allocation' of these aspects means the creation of an inappropriate strategy and failure in the competitive struggle. Therefore, it is important to provide a preliminary evaluation of the enterprise's internal and external resources determining its performance with regard to their influence on the enterprise's ability to compete. Such evaluation enables us to find out which actions increase the enterprise's possibilities to compete and should be ascribed to strengths or opportunities, and, on the contrary, which of these minimize these possibilities and thus should be ascribed to weaknesses and threats (Table 1).

**Table 1.** SWOT matrix where its elements are expressed by the assessment results of the enterprise's ability to compete (created by the authors)

STRENGTHS	WEAKNESSES
Resources and competences ascribed to strategic resources and core competences after the assessment of ability to compete	Resources and competences recognized as the ones not characterized by strategic features after the assessment of ability to compete
OPPORTUNITIES	THREATS
Usage means of strategic resources and core competences	Necessity to use a big amount of strategically irrelevant resources and non-essential competences

Such approach in some way changes the meaning of its elements without distorting the essence of the SWOT method. It is not the resources (material, knowledge, capabilities, etc.), but, rather, their correspondence or inadequacy to certain requirements become the enterprise's strengths and weaknesses. The opportunities and threats become 'internal' in respect of the enterprise: opportunities mean the possibility to create strategy focused on the usage of strategic resources and core competences, and threats are revealed through the necessity to use a big amount of strategically irrelevant resources and non-essential competences which means difficulties in strategizing and planning the ways of realization.

## 5. Conclusions

1. Taking advantage of generally acknowledged approaches of organization and its management as a research object, the existing theoretical models could and should be developed and their practical applicability increased. The aim of scientists is to create models strict enough but comprehensive as well filling the gap between theory and practice (Porter 2001). Management methodology is oriented to the solution of two problems: cognition, i.e.

<sup>5</sup> Operational (functional) capabilities are meant here.

cognition methodology of organization and management as the process and organization's "changing", i.e. the methodology of organization management. One of the directions, in which theory and practice of the enterprise's behaviour in competitive struggle is developing, is based on the instruments created by management science and/or adapted from other fields of science enabling not only to cognize regularities of competitive struggle, but also identify the factors ensuring success in this struggle. The model of competitiveness structure proposed by the Polish scientist M. J. Stankiewicz (2005) is used in this article. It expresses competitiveness as the whole of elements of general environment, competitive environment, competitive potential, competitive advantage and competitive position. It justifies the point of view of the authors to the need and structure of the ability to compete as the assessment instrument of the enterprise's competitiveness.

2. From the point of view of gaining knowledge which enterprise as the actor of competitive struggle should dispose, a very relevant field of theoretical and practical research is the process of choosing resources and actions serving for gaining competitiveness in the future. Therefore, it is expedient to introduce the element subsidiary in its purpose into the mentioned model of competitiveness structure enabling all concerned (researches, experts, managers) to determine and assess these resources and actions which determine the enterprise's competitiveness in the future. It is proposed to consider the ability to compete – the enterprise's characteristic showing a direct correlation between its individual features and its opportunities in competitive struggle – as such element in this work. The ability to compete consists of two interrelated components: accordance (i.e. possession of wherewith) and knowledge (i.e. knowing how) to compete.
3. The ability to compete can be considered as a potential competitive advantage which is revealed only when two or more enterprises meet in the market. The analysis performed allows us to maintain that unlike competitive advantage which can be determined only by comparing all enterprises operating in the market or knowing their average competitiveness, the ability of individual enterprise to compete can be assessed by evaluating the adequacy level of the enterprise's activity parameters forming this ability to the ideal case. Hence, the developed method designed for the enterprise's executives could provide the enterprise's executives with a reliable instrument for determining the starting positions of strategy formation, which might complement the well-known SWOT analysis.

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