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**INCREASING EFFECTIVENESS WAYS OF BUSINESS
ACTIVITY IN DYNAMIC MARKET DEVELOPMENT
CONDITIONS**

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**FINAL QUALIFYING WORK
(MASTER’S THESIS)**

**INCREASE EFFECTIVENESS WAYS OF BUSINESS ACTIVITY IN
DYNAMIC MARKET DEVELOPMENT CONDITIONS**

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АННОТАЦИЯ

Социально-экономические преобразования, экономическая нестабильность, инфляция, высокие налоговые ставки, неустойчивый курс рубля к курсам иностранной валюты, высокие проценты по кредитам приводят к усилению конкуренции, определяют динамику развития рыночных условий и связанное с ними право организации на существование.

Управление конкурентоспособностью подразумевает комплексный подход при оценке состояния организации, использование скрытых и явных источников для покрытия обязательств компании, принятие мер для достижения стабильности. Владение такой тактикой особенно актуально для развития экономического субъекта в условиях конкуренции на развивающихся рынках и напряженной экономической ситуации в стране и в мире. Бизнес-процессы в условиях динамично развивающихся рынков могут быть преобразованы в стабильные и успешно развивающиеся активности через систему управления. В настоящем исследовании мы анализируем внешние и внутренние стратегические факторы, оцениваем конкурентоспособность предприятия по двум направлениям: с учетом его конкурентов и с учетом финансовой составляющей самой компании.

В процессе анализа был рассчитан интегральный показатель конкурентоспособности предприятия ООО «Георесурс», который имел положительную динамику. С другой стороны, анализ выявил наличие неиспользованных резервов, которые могут быть использованы для дальнейшего улучшения финансового состояния, что, в свою очередь, положительно скажется на конкурентоспособности компании. Реализация предложенных мероприятий и рекомендаций позволят повысить конкурентоспособность предприятия, в основном за счет эффективности внутренней производственной деятельности.

Кроме этого, в работе прогнозируется улучшение всех показателей финансовой устойчивости предприятия, как в долгосрочной, так и в краткосрочной перспективе, что создаст благоприятные условия для дальнейшего успешного функционирования компании на рынке и поддержит его высокую конкурентоспособность. Прогнозируемый положительный эффект предлагаемых мер заключается в снижении до нормативных значений всех коэффициентов ликвидности предприятия, приближении к рекомендованному значению общей ликвидности баланса, восстановлению нормальной платежеспособности компании и, в целом, повышению конкурентоспособности.

Объект исследования – ООО «Георесурс».

Предметом исследования является изучение конкурентоспособности предприятия, происходящего в условиях динамичного развития рынка.

Цель исследования – анализ особенностей конкурентоспособности предприятия с целью повышения эффективности способов ведения бизнеса.

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INTRODUCTION

Relevance and novelty. Production, trade, provision and consumption of services – all these and many other types of human activities covered by the economy – are impossible without considering the activities of competitors. Socio-economic transformations, economic instability, inflation, high tax rates, volatile ruble to the exchange rates of foreign currency, high interest on loans lead to increased competition and determine the dynamics of developing market conditions and connected the right to exist of an organization. Competition among industry enterprises allows us to identify leading organizations. Proper management of the enterprise's competitiveness can reduce financial risks and develop a system of measures aimed at preventing bankruptcy, which in turn will ensure the principle of a business entity flourish. In modern conditions, the main criterion for the stability and survival of an enterprise is its competitiveness, analysis, assessment and forecasting of which becomes a necessity, since in a contemporary competitive struggle, for all its scale, dynamism and acuteness, an enterprise that constantly analyzes and fights for its competitive positions wins. Therefore, the basis of competitive advantages is often a different degree of availability of resources (distribution channels, special knowledge or logistics technologies), which can tell the company the benefits in terms of costs or in the quality of goods or services over competitors. In such a situation, timely analysis of a company's competitiveness and its financial stability is especially relevant.

Assessment of the current state of the scientific problem being solved. Competitiveness management implies a comprehensive approach, in assessing the state of the organization, using hidden and explicit sources to cover the obligations of the company, in taking measures to achieve stability. Possession of such a tactic is especially relevant for the development of an economic entity in a competitive environment in developing markets and the tense economic situation in the country and globally. Business processes in the conditions of dynamically developing markets can be transformed into stable and successfully developing companies through a management

system. In this paper, we analyse the external and internal strategic factors, assess the competitiveness of the enterprise in two directions: taking into account its rivals, and considering the financial component of the company itself.

Basis and baseline for writing work. The theoretical and methodological base of the research paper has been served the works of foreign and Russian scientists in the field of business processes in economic activity, including competition, enterprise economics, trade enterprises. The practice of business modeling and reengineering of companies was reflected in research papers of T.H. Davenport and J. Short, M. Hammer and J. Champy; business process management reviewed by J. Schumpeter, J.H. Martin, B. Andersen, M. Rothher, J. Shook, J. Womack, D. Jones, M.E. Porter, R. Sidorchuk, A.D. Sheremet, R.S. Sayfulin; dynamically developing businesses were considered by B. A. Kirchhoff, D. Birch, and others.

The information basis for the analysis of the enterprise competitiveness (“Georesurs” LLC) is mainly the accounting documentation: balance sheet (Form №1) and the annex to the balance sheet – profit and loss statement (Form №2), as well as the charter and constituent documents enterprises, current management reports.

Object of the research is LLC “Georesurs”.

Subject is to study competitiveness of the enterprise occurring in dynamic market development conditions.

Purpose of the research encompasses the analysis of enterprise competitiveness features in order to increase effectiveness ways of business activity.

To achieve the main purpose the following objectives have been stated:

- to conceptualize a business activity as a process of competitive advantage;
- to review dynamically developing enterprise concepts;
- to provide methodological foundations of business processes;
- to assess dynamically developing markets with an overview of segmentation;
- to analyze agricultural sector as most fast-growing, with detailed study the case “Georesurs” LLC;
- to observe methodological instruments of financial stability indicators;

to analyze the competitive environment of the enterprise using methodology for the problem solution;

to suggest competitiveness management measures and recommendations;

to assess effectiveness and forecast the proposed activities in order to optimize business processes.

Objectives and methods of research. In the process of writing a research project, there were logical-theoretical, comparative and economic-statistical methods, system analysis, methods of structuring, classification, expert assessments, mathematical methods used. In the research, we applied such methods of econometric modelling and forecasting as: modelling using regression equations of basic macro-economic indicators in food industry and forecasting using regression equations of basic macro-economic indicators, as well as design science research (DSR) methodology, CASE-technology (Computer Aided Software Engineering), SADT tools and methodology (Structured Analysis Design Technique), the Herfindahl-Hirschman Index (HHI) and Value Stream Mapping (VSM) as a method of Lean management. Besides, the author implemented the measurements of dynamically developing entrepreneurial network, then based on the analysis of the current state of the company, a model for its improvement is built.

Theoretical and practical significance of the work. Theoretical and methodological approach includes academic, scientific, experimental and applied works of foreign and some Russian researchers on the problems of competitiveness management, trade economics, basic macroeconomic indicators. Empirical base of the study was covered by research papers, statistic data and links, balance reports, and corporate web sites.

In the first chapter we examined the nature, types and basic scientific approaches to business activity as a process of competitive advantage and methodological foundations of business processes. The concept which defines the mechanism of functioning of business activities in dynamically developing markets, has been evaluated. It is characterized by a sequence of actions. The goals and objectives of the business network determine the development configuration,

resources, tools of the company, as well as criteria and indicators. After determining the above elements, an assessment of the risks of each of them is carried out.

As it is stated by the author, dynamically developing business in the process of generation and integration of innovations has to take into account the following features: business geography and configuration development in order to blend in organically into its structure; compliance of the ideas put forward with the image and status of the business network; political environment and social trends that occur in territories of influence. Therefore, a dynamically developing business is characterized by a broad vision of the processes taking place around, ability to predict these processes and the speed of reaction to the negative consequences of these processes. Then the author studies classical comprehensions of dynamically developing businesses, fast-growing segments of developing markets, and examines methodological foundations of business processes.

The second chapter describes the dynamically developing markets in their sectoral dimension along with making an overview of segmentation and applying to agricultural market as the potentially fast-growing market in Russia. The author reckons that to carry out activities in a dynamically growing market in a crisis is a task that many businessmen seem unrealistic to achieve. In the light of import substitution, as studies of the economic environment show, dynamically developing segments cover the following industries: food industry with agricultural sector, construction materials and transport business sectors may feel confident. Then growing market indicators and new emerging market niches have been evaluated.

In addition, there is the object of the study LLC “Georesurs” presented, the economic characteristics, main indicators of its financial condition analyzed and the key factors for assessing the competitiveness of the company is considered. Here the author admits, the ability of a commercial enterprise to adapt to changing market conditions, as well as ensuring its greater susceptibility to new consumer requirements, is the most important problem at present. Therefore, international management methods of security risks in the practice of assessing financial stability and creation of the financial security system are of great importance, such as:

monitoring financial stability indicators; strategic planning; international security systems mechanism. As the analysis shows, failure to meet one of the prerequisites for absolute liquidity at LLC “Georesurs” in 2017–2019 allows us to conclude that the company can function quite successfully in the current year, but at the same time it has reserves for improving its activities

Within the third chapter, the author presents the analysis of the enterprise’s competitive environment, implements the methodology for the problem solution, then suggests recommendations which implies forecasting of the proposed activities in order to increase its competitiveness in dynamic developing conditions. While evaluating the competitiveness level of the enterprise, we derive the following indicators: SWOT-analysis, possible risk factors, external and internal strategic factors, production potential, calculations of marketing component amongst the analysis of the market share and competitive position. As we can acknowledge, one of the conditions for increasing the enterprise competitiveness in developing markets is to fulfill a strategy for its elaboration, while the strategy refers to a number of tactic actions and management approaches used to achieve organizational tasks and goals. Improving the financial performance indicators, the competitiveness of the enterprise automatically increases

Georesurs currently still lags behind companies selling similar products but given that these positions have been developed over 3 years, we note that the company has high potential. According to the calculations, the enterprise is profitable and cost-effective.

The possibility of using the results. Analysis and generalization of theoretical sources and practical materials made it possible to formulate the author’s definition, according to which a dynamically developing entrepreneurial network is a group of companies engaged in joint activities within the framework of a single information field, usually using common technologies and resources characterized by stable and closed connections, possessing both general and independent goals aimed at achieving a synergistic effect, showing a high increase in turnover (at least 30%) for

a long period of time (from 3 to 5 years), quickly responding to changes in external conditions.

That contribution allows us to admit that the modern competitive environment is a complex and dynamically changing system, which necessitates the continuous improvement of tools and methods for managing the competitiveness of enterprises. Studies show that the scientific and technical level and degree of perfection of up-to-date information technologies in production, use of the latest inventions and discoveries, introduction of advanced means of production informatization and other factors such as macro and microenvironment significantly affect the competitiveness of any enterprise.

The conducted studies allow us to carry out work on assessing the financial stability indicators and competitiveness of the enterprise LLC “Georesurs”, and to evaluate the financial component of the company’s stability indexes.

The structure of the Master Thesis includes an introduction, three chapters, conclusion and list of the literature used in the research, as well as 17 figures, 32 tables and 11 formulas.

1 Performance of Business Activity: Conceptual Appraisal

1.1 Business activity as a process of competitive advantage

1.1.1 Business process features

The effectiveness of commercial activities of trade enterprises, the level of competitiveness and cost assets are largely determined by the effectiveness of business processes. Practical need determines the importance of technologies that contribute to the improvement of this areas of professional activity in project management and marketing. One of the universal technologies is the modeling of business processes.

Its essence is to identify and detail key production processes that are regulated from the beginning of work to the end of its implementation. The study of business processes in economic activity, including trade enterprises, is devoted to the work of many foreign scientists.

From the 1970s onwards, much attention has been put to the understanding of business activity as a long-lasting process, in particular the behaviour of a transnational firm, using its competitive advantage in order to achieve successful outcomes. Usually experts speak about competitive advantage on a multinational or national level and often underline two main – and quite distinct – reasons why a firm should go multinational to get profit. One is to better serve a local market, and the other is to get lower-cost inputs.

The practice of business modeling and reengineering of large companies was reflected in the works of T.H. Davenport and J. Short [13], M. Hammer and J. Champy [17]; business process management reviewed by J.H. Martin [26], B. Andersen, M. Rothher, J. Shook, J. Womack, D. Jones [33], and others [14]. In particular, American scientist and a partner of Ernst and Young's Center for Information Technology and Strategy in Boston, USA, T.H. Davenport and his colleague J. Short paid great attention to the design of business processes in conjunction with the development strategy of a business entity [13. P. 11]. In accordance with the authors' approach, the strategy is a separate action,

interconnected by the goal and the result, aimed at the consumer – the management of the enterprise. In this case, the business model should reflect the process of achieving the goal of the enterprise – development strategy. The business process in this case represents the work defined by time and space, which accurately allows us to identify resources at the input and output.

Primarily, it should be noted that we would consider a model of activating the business activity of a small business entity through modeling the management process of small and medium-sized enterprises. The initial key concept in this system is the concept of a business process. We are using the definition analysis of business process carried out in scientific works and it seems the following definition is most suitable in our case: A business process is a set of different types of activities within which “at the entrance” one or more types of resources are used, and as a result of this activity, a product is created at the “output” that is of value to the consumer [35].

At the same time, our understanding of the business process corresponds to the concept of “value stream” offered by American researcher J. H. Martin, as a set of completed, combined actions that together create some products that have consumer value for the client [26]. Thus, a business process for a small business entity is a generalized representation of actions, an abstraction, and a model that describes the creation of certain products that have consumer value for the client. J. H. Martin changed the idea of the business process, in his opinion the “value stream”, which consists in actions leading to the result – the creation of products demanded by the client that has value for him, is more appropriate.

Representative of Swedish economic school B. Andersen [3] specified the business process as the interconnection of sequential actions based on the logic of transformation of resources at the output. This understanding of the business process is based on a formal identification of the main components of the process, including such concepts as “input”, “process”, “exit”, “control”, “process supplier”, and “process client”. Moreover, the level of indicators of most processes shows a tendency to decrease over time without proper control and amplification.

The author also adhered to a number of principles that, in our opinion, determine the direction of improving production based on business processes: identifying real customers that matter to the enterprise; identification of all processes that affect the value of the created product or service; continuity of production and delivery of products; ensuring the relationship between all stages of the business process; quality management and reduction of the stages of implementation of production goals, which may increase over time.

Perhaps, the most influential representative of business strategy economics and commercial processes is the American economist Michael E. Porter and his cluster theory. In 1991, Porter published the study “The Competitive Advantage of Nations”. This study elaborated on a completely new approach to the problems of business processes and activities in terms of international trade. One of the prerequisites for this approach is the following: “Firms compete in the international market, not countries. It is necessary to understand how the company creates and maintains a competitive advantage in order to understand the role of the country in this process. Success in the foreign market depends on a correctly chosen competitive strategy” [28].

As we may follow the expert, this micro-economically based theory of national, state and local competitiveness is put within the context of a global economy. According to Porter, to be competitive, firms must continually improve operational effectiveness in their activities while simultaneously pursuing distinctive rather than imitative strategic positions.

Let us consider the competitive advantage strategy in more details.

The main unit of competition for M. Porter is the industry, i.e. a group of competitors producing goods or providing services and directly competing with each other. The industry produces products with similar sources of competitive advantage, although the boundaries between industries are always quite vague. Two main points influence the choice of a company’s competitive strategy in the industry.

1. The structure of the industry in which the company operates, there are features of competition:

- emergence of new competitors;
- appearance of substitute goods or services;
- ability of suppliers to bargain;
- ability of buyers to bargain;
- rivalry between existing competitors.

These five factors determine the profitability of the industry, since they affect the prices set by firms, their costs, capital investments, etc.

Five factors (or forces according to M. Porter) influence the competition in the industry presented in Figure 1:

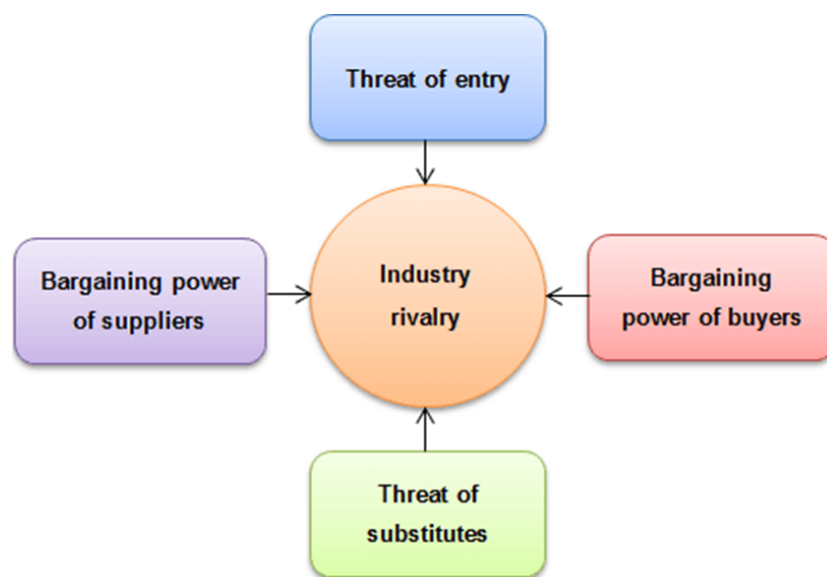


Figure 1 – Five competitive forces [28]

With the emergence of new competitors, the overall potential for profitability in the industry decreases, as they bring new production capacities to the industry and seek to gain market share, and with the advent of products or substitute services, the price that a company can request for its goods is limited.

Suppliers and buyers, by bargaining, derive their benefit, which may lead to a decrease in the firm's profit.

The cost of competitiveness when competing with other firms is either additional costs or a reduction in price, and as a result, a reduction in profit.

2. The position taken by the company in the industry.

The company's position in the industry is determined primarily by competitive advantage [29, P. 84]. A company is ahead of its rivals if it has a stable competitive advantage:

- lower costs, indicating the ability of the company to develop, produce and sell comparable goods with lower costs than competitors. Selling goods at the same or approximately the same price as competitors, the company in this case makes a big profit. Thus, Korean firms that manufacture steel and semiconductor devices at low cost use a low-paid, but highly productive workforce in combination with modern technology and equipment purchased abroad or manufactured under license;
- differentiation of goods, i.e. the ability of the company to meet the needs of the buyer by offering goods of either higher quality, or with special consumer properties, or with wide after-sales service capabilities. For example, German machine tool builders use a differentiation strategy based on high technical characteristics of products, reliability and fast maintenance, which allows them to dictate high prices and make big profits at equal costs with competitors.

Competitive advantage gives higher productivity than competitors.

In Figure 2 presents the basic model strategies used in determining the position of a company in the industry:

		<u>Competitive advantage</u>		
		Lower costs	Differentiation	<u>Source of competitive advantage</u>
Area of competition:	Broad goal	Cost Savings Leadership	Differentiation	
<u>Markets where business competes</u>	Narrow goal	Focusing on Costs	Focused Differentiation	

Figure 2 – Typical Porter's generic strategies [29]

The concept means: typical strategies is that each strategy is based on a competitive advantage and the company must choose its strategy depending on the existing advantage.

1.1.2 Competitiveness management mechanism

Forms of enterprise competitiveness management take into account economic (financial), social, legislative components. The mission of the enterprise, its plans and strategy are also important. Competitiveness integrates (synthesizes) all aspects, parties, factors of functioning and development of the organization's management object, focused on increasing competitiveness.

Levels of competitiveness have fairly close internal and external relationships. Organizational competitiveness management can be represented in the form as a model of a certain “black box”, the “entrance” of which is provided by an effective competitiveness management mechanism (taking into account its main elements), and the list of possible results is an “exit” (Figure 3):

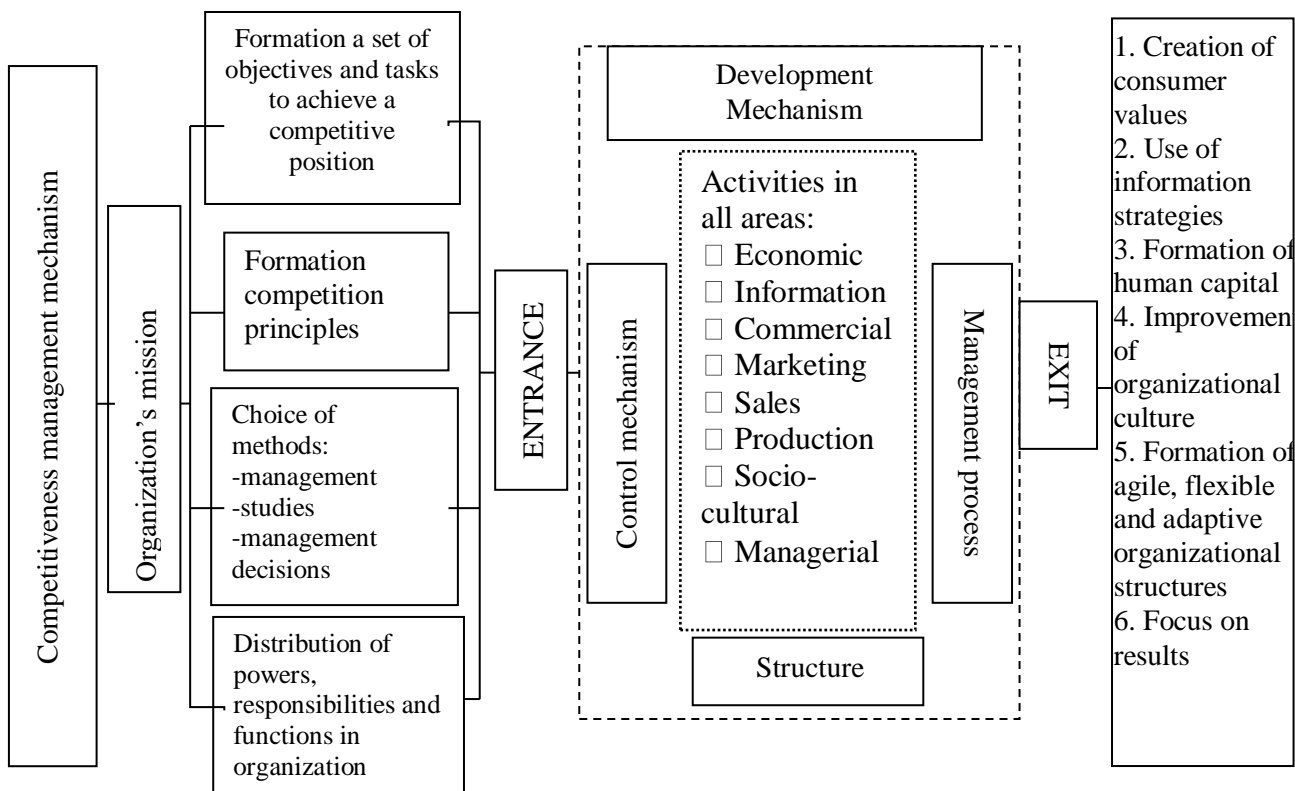


Figure 3 – Formation of a competitiveness management mechanism [11]

In this way, the enterprise competitiveness management is a complex system of economic, marketing, managerial, sales activities, including the development of a competitiveness management mechanism. In order to do an effective management of a competitive position, it is necessary to conduct analysis and activities of competitors working in dynamic market development conditions.

Consideration of the factors during the process of creating and maintaining competitive advantages, it is necessary to analyze the relations and, accordingly, the interaction of the three subjects of the market environment. The first is the company itself, which produces a particular product (Figure 4).

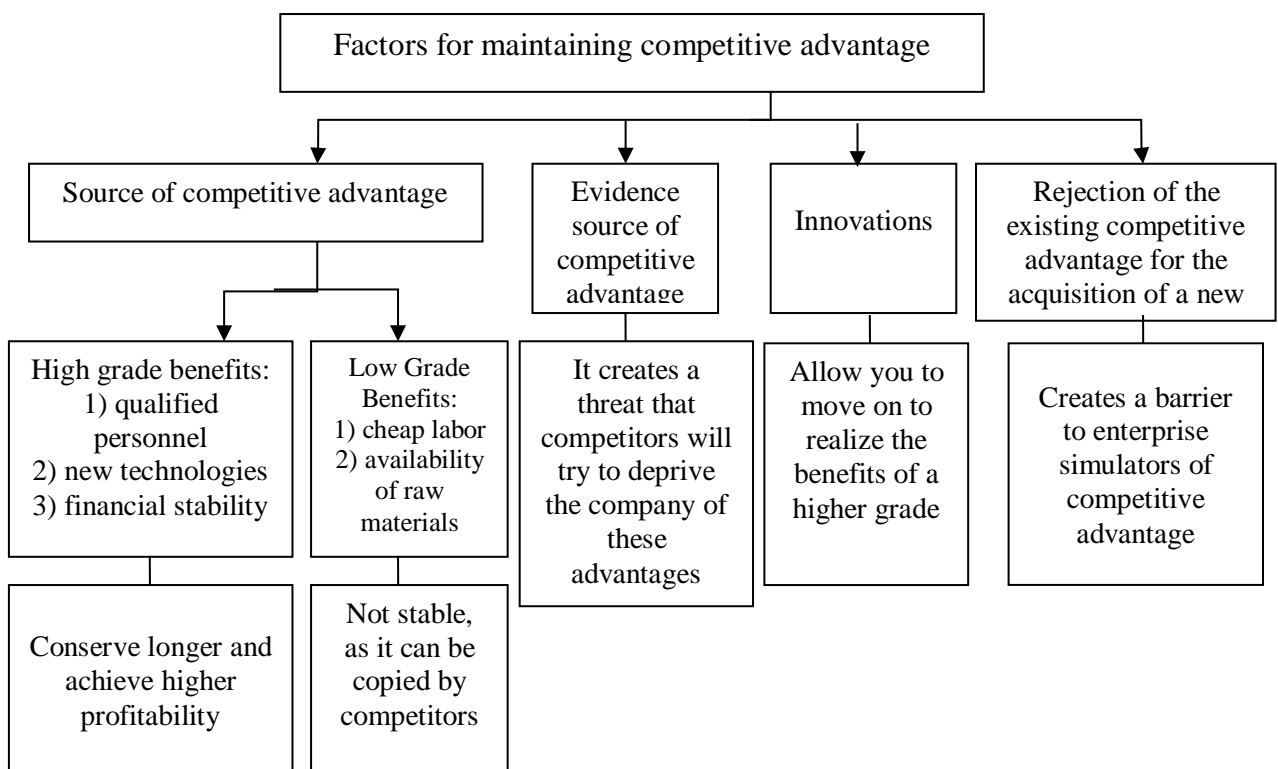


Figure 4 – Factors for maintaining competitive advantage (based on the author’s research)

Here, the advantages of a high grade are: 1) qualified personnel; 2) new technologies; 3) financial stability.

Competitiveness management functions include planning your own strategy for competitive advantages, organizing activities to implement a specific competitive strategy, influencing employees of the organization with various incentive methods to achieve the organization’s competitive advantages, and monitoring and coordinating the implementation of the competitive strategy. To

understand the mechanism of competition and competitiveness management methods, the correct identification of the reasons due to which it is possible to bypass competitors is of great importance.

First, qualified personnel for an enterprise that seeks to remain competitive should treat each employee as a source of contribution. Qualified personnel are among the competitive advantages of a high order, since it is difficult to reproduce unique qualified specialists. At the same time, another very important advantage in the market is achieved – the reputation of the company. This advantage is achieved with great difficulty, very slowly and requires large expenses for its maintenance.

The second is innovation, which allows us to move on to realize the advantages of a higher grade.

The third is the rejection of the existing competitive advantage for acquiring a new one. Since competition is in a particular case – a competition between producers (sellers) of goods, and in the general case – between any economic, market entities.

In the competitiveness management system of the company, the object of management is the competitive advantages of an enterprise, which is a key factor in view of achieving strategic and tactical goals with the optimal consumption of all types of resources.

The process of economic development of today's Russia is under the strong influence of globalization of the world economy. For Russia, this resulted in a deterioration in its competitive position in world markets, as well as a weakening position of domestic producers in its own national market. In this situation, obviously, a deeper understanding of the category of "competitiveness", levels and components of economic systems, which should be inherent in this property, is required. The basis for effective competitiveness management is the control of financial performance and specific economic activities.

At the same time, competitiveness management, in fact, is not centralized; therefore, control over management efficiency is not centralized and is subjective, that is, the main criteria for effectiveness are not formed and depend on the current

situation. Therefore, management decisions are often not implemented centrally and comprehensively.

On the other hand, enterprise competitiveness management is gaining more and more coordinating, planning and controlling functions.

Competitiveness management, like any creative process, is not subject to strict regulation. Each economic control entity applies, as a rule, its own management methodology, choosing and combining types of management, using them in a certain sequence and combinations. At the same time, there are certain types, forms and functions of competitiveness management, widely used in the management of any economic object.

1.2 Dynamically developing enterprise concepts

1.2.1 Classical comprehensions of dynamically developing businesses

Any entrepreneur strives to conduct his business in a dynamically developing market. The explanation is simple: the competition there is not so intensified, because everyone can take their market cell, therefore, the cost of production is practically not growing, but consumer demand, sales and profit are increasing. Leading a growing market in a crisis is a goal that many businessmen find unrealistic to achieve. However, some categories of European and Russian entrepreneurs have already entered growing markets that have not disappeared into the crisis. According to the latest research, this is mainly the food industry, construction materials and agricultural and transport business.

The founder of the term “dynamically developing companies” is considered an American economist David Birch (who also is well known author for the pioneering work on small businesses), 40 years ago discovered a phenomenon that, with his light hand, was called “gazelles” – fast-growing companies [6, P. 123].

In the scientific literature, many definitions interpret the concept dynamically developing business networks. The main ones are the following.

D. Birch believes that a dynamically developing company is an enterprise with initial sales from 100 thousand dollars per year, characterized by not less than 20 percent growth in income. He divides all companies into three groups: gazelles – rapidly developing; “mice” are small firms; “elephants” are large stagnant companies. 97% of all “gazelles” enter the stage of intensive growth, with a staffing of less than 100 employees. They start as “mice”, and the company can become a “gazelle” at any time in your life. “Gazelle” is extremely difficult either to maintain their status for a long time: half of them annually drops out of the “race” and replenishes the ranks of “mice” or “elephants”.

The Economics of Business Firm Formation and Growth Bruce Allen Kirchoff identified two definitions of dynamically developing companies [22]:

- a company characterized by low rates of innovation and rapid growth, management which skillfully uses the opportunities to expand its markets;
- a company that is characterized by a high rate of innovation and rapid growth; its growth occurs due to the continuous introduction of innovations; they usually serve as an example of successful entrepreneurial activity.

High impact firms have a significant impact on economic development. The average age of such companies is 25 years, they make up 2-3% of all enterprises in the country, but at the same time, they employ most of the population. High impact firms are the next stage of development after the gazelle companies [2].

In addition, Austrian political economist J. Schumpeter identified the following characteristics of a company and industry, the presence of which is necessary for the existence of the phenomenon of stable dynamics [43, P. 54]:

- presence of unmet needs of customers, resulting in a free market niche corresponding to the satisfaction of this need;
- original thinking of the leader, allowing you to see this niche;
- bold (often risky) management decisions aimed at occupying this niche;
- desire for constant change and growth is the core of the gazelle strategy, often taking the form of “Napoleonic plans”;

- in the course of further development, the search for new growth opportunities (new products, markets, technologies);
- formation of an attitude towards one's mistakes not as toward the end of the world and about the search for the guilty, but as a useful experience, even in a specific case, negative. After a miss, activity does not end; on the contrary, there is an incentive to find a way out of a difficult situation.

The concept of the functioning of business activities is to balance all the main elements of the network. Goals and objectives determine the resources necessary for their achievement, configuration of a company development and relationship between its structural divisions, as well as the tools by which they will be achieved. In turn, the attracted resources must, in terms of quality, quantity and content, correspond to the selected tools and configuration of business development. In addition, the tools and configuration of business must be consistent. In case of violation of the balance between the main elements – goals and objectives of the company will not be fully achieved and, as a result, company functioning and existence in market will be at risk.

1.2.2 “Bull” and “Bear” markets concepts

Apart from classical concepts analyzing the dynamically developing markets which we have considered ahead, there are some concepts describe different up-and-down fluctuations in a market environment. We can come across such concepts as the “bull” market (characterized by higher prices) and the “bear” market (characterized by lower prices). Of course, there are several levels of both types. It is very important to consider these types of growing markets separately.

1. Bull Market. This is a dynamically growing market, characterized by a gradual increase in prices in a certain time period. There are typical bull markets that have been growing continuously for quite some time. On such a market, regression indicators tend to tilt by 20-45 degrees [32].

There are “roaring” bull markets as well. On such a market, regression indicators tend to tilt 50-70 degrees [44]. A growing market of this type is, one might say, a leap. Sometimes experts call it exponential, but this simply means the fact that with increasing price indicators, market growth is also gaining momentum. Growing markets of this kind are not formed as often as typical ones. In addition, they are not so stable, and therefore relatively short-lived.

2. Bear Market. It is characterized by lower prices. It cannot be called a growing market. There are typical “bear” markets, displayed as a regression, tilting down 20-45 degrees [37]. They have been a steady decrease in the price indicator for quite some time.

Panic bear markets also stand out. They also cannot be called growing markets, since the regression here goes down by 50-70 degrees, and in critical situations even lower [10]. Panic “bearish” markets, as a rule, manifest themselves as a result of large leaps on monetary exchanges. However, like roaring bull markets, they are short-lived [23].

3. Cyclic market. It is not difficult to notice this type of growing market, despite the fact that it is not as widespread as the above types, usually is a component of one of them [39]. The cyclic market (which follows from the concept itself) undergoes changes within the framework of a certain price scale.

According to its indicators, such a growing market first goes down, then up, forming a stable periodicity [9]. Its main indicator when studying within the boundaries of a certain cycle are these or those fluctuations between the maximum and minimum stages of the factor of pricing. There are both almost imperceptible and insignificant difficulties. When the margins of price fluctuations are highest, these growing markets are gaining momentum.

1.2.3 Fast-growing segments of developing markets

In our opinion, we can distinguish the following characteristics of dynamically developing business processes [7, P. 97]:

- high growth rate of turnover (not less 20% for foreign and 30% for domestic companies) that are held for a long period of time (from 3 to 5 years);
- dynamically developing business activities account for a huge share of GDP growth;
- create the majority of new jobs;
- they bring the most demanded product to the market, as a rule, find holes from natural monopolists and create their own sales market on their basis;
- creativity of ideas;
- a tough financial perspective, manifested in the limitation of accounts payable (not more than 18% of the annual turnover), which is a serious competitive advantage during a crisis;
- adaptability and readiness for instant changes;
- lack of administrative resource and state non-interference in business;
- abandonment of all secondary functions and outsourcing them to other companies;
- transparency of financial policy [24, P. 214].

Business processes in the conditions of dynamically developing markets can be transformed into stable and successfully developing companies through a management system [40]. The business process management system is a set of management functions aimed at achieving the dynamic development of the network, performing centralized or decentralized impact on the management objects in the context of each level and consists in managing: resources, tools, risks, evaluating effectiveness, configuration.

A dynamically developing business network is characterized by a broad vision of the processes occurring around, the ability to forecast these processes and the speed of reaction to the negative consequences of these processes. This effect is achieved through the scheme of generation and implementation of innovations useful for business [41, P. 64].

While politicians and experts are discussing growing markets and the economic situation in the world markets, significant positive dynamics is noticeable

in some areas – new growing markets are being formed, modern programs are being developed, and unemployment is being fought. A considerable number of entrepreneurs have a “second wind” (this is especially true for the totality of industries that produce tangible and intangible goods and services).

In the wake of import substitution, agricultural sector, medical goods industry, and some food industry sectors feel confident. Growing markets here are observed due to the depreciation of the domestic currency of particular country, which generates an influx of exports in the technical and computer fields [38].

Microfinance organizations earn money to help people rapidly losing income. In addition, one can observe growing markets on the Internet, where we purchase goods at lower prices. It is impossible not to say about alcohol markets, in which the cost of production is more acceptable than in ordinary stores. It is also worth noting that citizens of the Russian Federation, for instance, began to prefer domestic resorts to foreign ones, which is why growing markets also appear in the tourism sector. Nevertheless, let us look at each market in more detail.

1.3 Methodological foundations of business processes

The modern competitive environment is a complex and dynamically changing system, which necessitates the continuous improvement of tools and methods for managing the competitiveness of enterprises. Studies show that the scientific and technical level and degree of perfection of modern information technologies in production, use of the latest inventions and discoveries, introduction of modern means of production informatization and other factors such as macro and microenvironment significantly affect the competitiveness of enterprises.

Analysis and generalization of theoretical sources and practical materials made it possible to formulate the author’s definition, according to which a dynamically developing entrepreneurial network is a group of companies engaged in joint activities within the framework of a single information field, usually using common technologies and resources characterized by stable and closed connections, possessing both general and independent goals aimed at achieving a synergistic

effect, showing a high increase in turnover (at least 30%) for a long period of time (from 3 to 5 years), quickly responding to changes in external conditions.

The concept defines the mechanism of functioning of business activities in dynamically developing markets, which is characterized by a sequence of actions. The goals and objectives of the network determine the development configuration, resources, tools of the company, as well as criteria and indicators. After determining the above elements, an assessment of the risks of each of them is carried out.

The final step is to evaluate the effectiveness of the company, and the assessment is made as the work of the company as a whole, and its individual elements. The concept of the functioning of business processes is based on the following main points [36, P. 94]:

1. Effective distribution of resources between structural units of the network from less to more profitable.
2. Cost optimization of the entire network as a whole, and its individual elements.
3. Network development is gradual the development of all its units, which guarantees stability.
4. The network uses an integrated feedback, which makes it possible to obtain complete and objective information about the development of the market and the company's place in it, as well as identify strengths and weaknesses.

Dynamically developing business networks in the process of generation and integration of innovations should take into account the following features: – business geography and configuration development in order to blend in organically into its structure; – compliance of the ideas put forward with the image and status of the business network; – political environment and social trends that occur in territories of influence.

A dynamically developing business network is characterized by a broad vision of the processes taking place around, ability to predict these processes and the speed of reaction to the negative consequences of these processes [5, P. 101].

This effect is achieved through the scheme of generation and implementation of innovations useful for business. The evolution of innovations of a dynamically developing business network is shown in Figure 5.



Figure 5 – Evolution of innovations

At the initial stage, ideas that flow from company employees, customers, and colleagues are sorted by functional feature, then sent to the innovation bank.

In the case of frequent use of the same the problem of either increasing the number of proposals related to the same business process, innovations are analyzed at various levels of the company. Next, comes the stage of experimental implementation of positive innovations, and if the experiment is successful, the stage of general application begins. The constant search and application of the most successful innovations is an essential condition for the dynamic development of the

As a result of this set of measures, the entrepreneurial network takes on the form of dynamic development and will function as follows (Figure 6).

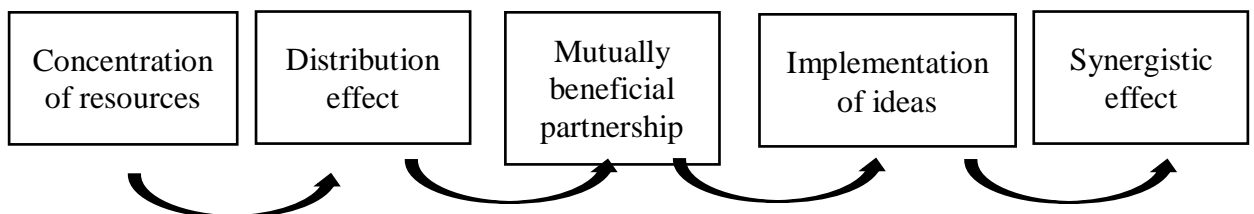


Figure 6 – Entrepreneurial network in dynamic developing market [5]

Goals and objectives are the main elements of the network. Further, based on an analysis of the current state of the company, a model for its improvement is built, in this case we are talking about both network elements and overall work.

After this, the process of testing innovations on the network and their subsequent implementation takes place. A dynamically developing entrepreneurial network integrated with an idea search system has the following specific features:

- the network concentrates all available types of resources and redistributes them to the most priority areas of development;

- carries out a constant search for ideas, so concentrates the necessary information regarding changes in external and internal conditions;
- cooperation of all network elements, built on the elements of mutually beneficial and mutual participation, allows to achieve a synergistic effect.

As a final remark concerning the classification scheme for theories, we want to discuss the role of scientific methodologies in enterprise activities. The so-called design science research (DSR) methodology seems an appropriate candidate for being the main research methodology in enterprise activity engineering [14, P. 89]. It is also already quite widely accepted, notably in the information systems area (March and Smith [25, P. 252], Hevner [20, P. 75]). Because enterprise engineering is by nature about designing, we take DSR as the scientific foundation for justifying research in enterprise engineering. Scandinavian researcher A.R. Hevner provides a concise description of the DSR methodology [19, P. 88]. Obviously, an effective design science must have its fundamentals in the natural sciences. Therefore, e.g., proper aircraft design rests on theories and concepts from aerodynamics, metallurgy, chemistry, and so on. In view of the multitude of aspects relevant for enterprises, the theoretical basis for enterprise design is inherently broad.

Currently, a number of technologies are known for modeling business processes. However, the most widely used in practice of foreign and domestic enterprises received CASE-technology (Computer Aided Software Engineering) [35]. Among them are PRO CAP, Aris, Rational Rose, BPWin, ERWin, Oracle Designer modeling based on the apparatus of Petri nets and some others. This type of technology includes both SADT tools and methodology (Structured Analysis Design Technique), and its IDEF0 version (Integration Definition for Process Modelling), adopted in Russia and the USA as national standards. IDEF0 stands for public-domain methodology used to model businesses and their processes. The mechanism is based on a process approach where one of the most popular methods of depicting business processes worldwide. The key element of the IDEF0 diagram is the so-called SA-block, which is a designation of some function performed in the system. Accordingly, any block can be detailed using a diagram of a lower level,

which will reveal the details of the given function, and material and information flows are displayed by arrows that connect the functions to each other. The main advantage of the IDEF0 methodology is its versatility: it allows you to describe any system, any process, regardless of subject area.

To determine the current state of competition in the market, the Herfindahl-Hirschman index can be used as well. The Herfindahl-Hirschman Index (HHI) is the most popular among modern economists. It is determined by the following formula, as the sum of the squares of the shares of all firms operating in the market, where Q_i is the market share of this company [18]

$$HHI = S_1^2 + S_2^2 + \dots S_n^2 \quad (1)$$

where

S_1, S_2 – percentage of sales of firms in the industry, expressed as the ratio of the firm's sales to total industry sales. The Herfindahl-Hirschman HHI Index varies within $n < HHI < 1$, where n – the number of firms operating in the industry. From the basic properties of the index it should be concluded that the smaller the index is unity, the less is the concentration of companies in the market.

The competitiveness of the enterprise is a multifaceted concept and includes not only the qualitative and price parameters of industrial products, but today it depends on the level of management, the current management system of financial flows, innovative and investment components of its activities. In addition, competitiveness is influenced by the market conditions taking shape in a particular market, the level of competition affecting the enterprise from other market participants, technical equipment, and the level of innovation use. The competitiveness can also be affected by the motivation and qualifications of the staff, the financial stability of the enterprise [11].

Since the classification of factors of enterprise competitiveness is quite wide, we will consider their most important classification. The set of factors affecting competitiveness can conditionally be divided into external and internal, since any enterprise is influenced by factors that arise when a subject of the economy contacts a managerial task and when solving a particular problem.

Internal factors are those criteria that determine the ability of an enterprise to ensure competitiveness. Internal factors include production and technological potential; the activities of marketing services; scientific and technical potential; financial and economic potential; personnel potential (structure, professionally qualified staff); effectiveness of sales promotion and advertising; level of logistics; preparation and development of production processes, selection of optimal production technology; the effectiveness of production control, testing, surveys; level of service and warranty service [12, P. 259].

External factors are socio-economic and organizational interactions that allow the company to create products that are more attractive in terms of price and non-price characteristics.

External factors include measures of state influence of an economic nature, an administrative nature; main characteristics of the market for the activities of this enterprise. The study of consumers and competitors, as well as the conditions of competition allows the company to determine its advantages and disadvantages over competitors to support competitive advantages.

In addition, in the century of lean production there is The Lean Advancement Initiative (LAI) at Massachusetts Institute of Technology, together with its Educational Network (EdNet), they offer organizational members from industry, government, and academia the newest and best thinking, products, methodology and tools related to lean enterprise architecting and transformation [27]. LAI is a research consortium that provides a neutral forum for sharing research findings, lessons learned, and best practices. LAI researches, develops, and promulgates practices, tools, and knowledge that enable and accelerate enterprise transformation.

For instance, lean management, developed for the automotive industry in Japan, summarizes principles, methods, and procedures to structure organizations and their processes effectively and efficiently [4, P. 170]. It aims to increase value for the customer and minimize waste. It also provides methods for assessing the enterprise activity and business processes.

Hence, Value Stream Mapping (VSM) is a method of Lean management. It has the potential to improve complex workflows by addressing the customer's needs through visualization and quantification. The VSM method includes the visualization of complex workflows, quantification of the resources needed (e.g. staff, materials, time), and restructuring of the workflows into an improved version with focus on the patient's needs [21]. Accordingly, VSM aims to reduce unnecessary process steps and time. These aspects are non-value adding, as they create no value for the patient. Simultaneously, process steps and time, which improve quality of the process for patients, e.g. face-to-face contact with the physician, are aimed to be increased. These are services which patients would be willing to pay for and are called value adding [4, P. 151].

In conclusion to the first chapter it should be added that process management is aimed at continuous improvement of internal business processes related to optimization costs and the introduction of modern information technologies that can bring the company to a new level [42]. The basis of the system for managing the effectiveness of business entities is the management of specific processes, therefore, the problem posed in the study was solved from the perspective of the process approach.

The practice of implementing a process approach shows that most companies that have started implementing process management stop at the stages of describing and automating business processes.

Enterprise business process management cycle:

- processes should be structured, described and regulated;
- processes must be implemented in information systems;
- monitoring and analysis of processes is necessary: it is necessary to control the accuracy of their implementation, calculate the values of performance indicators and correlate them with the planned values;
- processes require regular improvement [15, P. 34].

Systematic management of business processes at the enterprise is the most important activity of its managers, since the corresponding analytical measures

allow us to actualize the results of our work and to draw up promising opportunities for a controlled commercial unit.

The effect of modeling business processes can be divided into several main areas:

- time optimization in various parts of the production cycle;
- optimization of labor functions, which may consist both in saving the costs of qualified personnel in fulfilling duties, and in reducing the number due to elimination of duplication of functions;
- profit growth due to cost reduction in various parts of the production cycle;
- improving quality control and feedback between the stages, since each of them provides for a responsible person, the result in the form of a document, products, management decision.

Therefore, summarizing the underpinnings from the first chapter, we may admit that the company's position in the industry is determined primarily by competitive advantage. With the emergence of new competitors, the overall potential for profitability in the industry decreases, as they bring new production capacities to the industry and seek to gain market share, and with the advent of products or substitute services, the price that a company can request for its goods is limited. Levels of competitiveness have fairly close internal and external relationships. As we may follow the experts, studied micro-economic theories of national, state and local competitiveness are put within the context of a global economy.

In this way, the enterprise competitiveness management is a complex system of economic, marketing, managerial, sales activities, including the development of a competitiveness management mechanism. In order to do an effective management of a competitive position, it is necessary to conduct analysis and activities of competitors working in dynamic market development conditions.

2 Sectoral Analysis of the Industry

2.1 Dynamically developing markets: an overview of segmentation

Actively thinking entrepreneur, in line with competitive advantage, seeks to conduct his business in a growing market. It is easy to explain: competition is not so burdensome here, because everyone can take its share. Consequently, the cost of production is practically not growing, but demand for it is increasing, sales are increasing, and profit is increasing. To carry out activities in a dynamically growing market in a crisis is a task that many businessmen seem unrealistic to achieve. For example, in some countries, Russian entrepreneurs have already entered crisis markets (in the EU, USA, China). And vice versa, people from the European Union and Asian countries work in Russia, who have found their narrow niche in the crisis period and are developing their product. As studies of the economic environment show, dynamically developing segments cover the following industries: food industry, construction materials and transport business.

Now it is worth mentioning the growing markets in Russia. Sanitary measures and oil product prices have had a significant impact on gross domestic product in the Russian Federation over the past two years. GDP declined by almost 4%. According to the Federal State Statistics Service, the production of Russian products decreased 1.1 times, service – by 2% [16]. At the same time, inflation is gaining momentum. Business investment in fixed assets due to devaluation and inflation grew by 4%. However, investment in foreign companies amounted to about \$60 billion. The question is quite controversial.

The brake on economic growth remains the decline in demand for goods and services. This is explained by the fact that wages in the country fell by 4%.

While politicians and experts are discussing growing markets and the economic situation in the world, significant positive dynamics is noticeable in some areas – new growing markets are being formed, modern programs are being developed, and unemployment is being fought, in Russia and the EU as well. The

“second wind” is open (in particular, this applies to the totality of industries that produce tangible and intangible goods and services).

In the light of import substitution, agricultural sector, medical goods industry, and some food industry sectors feel confident. Growing markets here are observed due to the depreciation of the domestic currency, which generates an influx of exports in the technical and computer fields.

In addition, microfinance organizations earn that assists rapidly losing income citizens. In addition, one can observe growing markets on the Internet, where Russians purchase goods at lower prices. It is impossible not to say about alcohol markets, in which the cost of production is more acceptable than in ordinary stores. It is also worth noting that citizens of the Russian Federation began to prefer domestic resorts to foreign ones, which is why growing markets also appear in the tourism sector. Nevertheless, let us look at each market in more detail (Table 1).

Table 1 – Growing market indicators (based on the author’s research)

<i>Sector / industry</i>	<i>Growing market indicators</i>	<i>Examples</i>
Agro-industrial sector	<p>Growing market with confidently upward performance. In 2018, the agricultural industry in Russia produced goods worth several hundred million dollars. Compared to last year, current prices increased 1.15 times, while prices taken as the base increased by 2%.</p> <p>Modern programs and increasing production volumes are being implemented now in the areas of livestock and crop production. Investments come here from the most successful agricultural enterprises, and from companies that are employed in other sectors of the economy. Undoubtedly, the agro-industrial sector is a growing market, but there is still no need to talk about the complete replacement of imported products with domestic ones, as the stumbling block is loans and borrowings for the developed programs. Lenders set too stringent requirements, which can be unbearable for entrepreneurs.</p>	<p>Due to the growing interest in a healthy lifestyle and proper nutrition, author and niche agricultural farms are developing dynamically: production of environmentally friendly dairy products, vegetables, fruits, herbs, farm meat and chicken.</p>

Table 1 (continued)

<p>Food industry</p>	<p>The influx of substitution of imported products for domestic and a reduction in the number of goods led to unprecedented rates for cheese-making enterprises. According to the Federal State Statistics Service, from the beginning of 2016, the production of this type of dairy products jumped by almost 20%. That is why many entrepreneurs are actively developing this area of business.</p>	<p>The growing market also affected restaurants: they needed more products due to increased demand, so many manufacturers began to produce more types of cheeses and other dairy products. The problem of this growing market is only a limited raw material resource. In addition, the markets of fast food restaurants, pizzerias, and coffee houses are actively developing.</p>
<p>Information Technologies sector</p>	<p>A growing market is now being observed in the IT sector. Firms operating in this area have secured a foreign consumer for themselves before the crisis in the country. Subsequently, of course, it became more difficult to build a client base, “thanks” to sanctions and tensions between some states. The fears of the foreign consumer can still be understood, but domestic software developments, despite everything, are in demand, especially during devaluation. This is why IT is a growing market. To ensure a steady increase in sales of domestic firms, it is very important for programmers to possess at least half of the export sales.</p>	<p>It is worth noting the increasing demand for IT products from developing countries. A growing market is observed here in the export sales of domestic electronic data protection programs RUSSOFT, a non-profit partnership, said that during 2016-2018, domestic software sales to foreign companies increased by 15% (about 7 billion rubles). Therefore, IT can be considered a growing market.</p>
<p>Financial sector</p>	<p>In this industry, the most comfortable companies are carrying out work like banking, but otherwise regulated and working according to different rules and regulations. These microfinance organizations have come to a growing wound by reducing household demand for loans and borrowings from banks. According to the participants in this growing market, in 2018 cash turnover increased by 15%, and this trend continued in 2019. If we talk about general indicators, microfinance companies operate with about a hundred billion rubles (taking into account the fact that a tenth of this money relates to loans issued by companies operating on the Internet). Growing</p>	<p>Entrepreneurs claim that their business is gaining momentum by strengthening security measures in this area and tightening the terms of transactions on loans. This led to a decrease in interest rates. In addition, banking organizations curtailed the issuance of loans to the population, and citizens began to issue microloans. Hence the growing market is.</p>

Table 1 (continued)

	markets in the online industry provide a holistic boost to the industry.	
Domestic tourism	The depreciation of the currency, sanctions and difficult situation in the international arena have significantly reduced foreign tourism. These same factors provoked a rapid increase in people's interest in traveling around their country (over the year, the indicator increased by 1.3 times). Now domestic tourism can be called a growing market.	Foreign citizens also began to visit our country more actively (the indicator increased by 10%). For example, last year about 7 million tourists came to St. Petersburg. Why can domestic tourism be called a growing market? The answer is simple: travel agencies quickly worked during a period of increasing demand. For example, the Ministry of Culture of the Russian Federation has developed the program "Silver Necklace of Russia", which includes several established tours in 11 regions of the country.
Luxury segment	A considerable number of businessmen involved in the sale of cars, note growth in their field. Car sales in the Russian Federation last year fell 1.3 times, but this did not prevent, for example, the Porsche brand from increasing its sales by almost 20%, Cadillac by 10%, and Lexus by 2%. For the first time, Mercedes-Benz entered the top ten most popular cars in Russia, despite the fact that the sale of these cars in 2016-2017 years showed a negative trend.	Growing markets are observed in the sales of fairly expensive cars. For example, the Rolls-Royce brand produced the best result in the history of the implementation of these cars – about 150 cars. The growing market here is also noticeable due to the increase in investment in this economic sphere
Engineering and machinery	This is being considered as a growing market, however, according to the general indicators of the last year, production decreased by 15%. In financial terms, the results of enterprises increased by more than 20%, and in some areas even more. For example, growing markets are observed in the manufacture of turbines (in 2016 year, their production increased almost 2 times).	It is worth noting the production association of Power Machines and RosAtom, transactions in which amounted to a cash amount of almost 130 billion rubles. For several years, this association has concluded very profitable agreements on the improvement of domestic and foreign heat and power plants, in which machines have not been replaced since the days of the USSR.

Table 1 (continued)

Trade	Growing markets are observed in the field of alcoholic beverages sales. On average, about 50 new points of sale of this product per year appear in large settlements. The leaders are, of course, alcohol markets. These networks, of course, do not lose their popularity, but in the growing market there are many new companies. They successfully fight for a “place in the sun”.	Investing in assets to reduce risks makes it easier for companies involved in the import of goods from abroad to work in a crisis situation. That is why businessmen working in the field of alcohol products enter the growing markets.
Pharmaceuticals	The authorities of the Russian Federation have long advocated an increase in the number of domestic drugs on sale. Today, positive results can be noted: in 2016-2018 years, the sale of Russian medicines increased by 30%, and now pharmaceuticals are a growing market.	Another significant indicator here is the contract manufacturing, which is used by a considerable number of businessmen in this field. The growing market offers great opportunities, because in the financial equivalent in our country drugs of foreign pharmaceutical companies prevail (more than 70%).
The Internet	According to the Russian Association in Electronic Communications (RAEC) last year, Russia’s growing online markets increased their cash flow by 1.2 times. The acquisition of various products via the Internet is the reaction of customers to the crisis situation in the country. Commodity turnover on the Web has increased by more than 1.5 times (especially for light industry products, that is, consumer goods).	About 30% of the population who shop online choose this method because of lower prices, and about 20% in this way save their time. In this growing market, the most popular player is Yulmart, which, thanks to an increase in sales by 63%, was included in the list of 50 leading international Internet sellers. Also, the Wildberries, the Russian fashion retailer, leads the way in online sales.

Of course, these indicators of a growing market motivate companies that do not have their own sales websites to create their own online resources. For example, in Russia, the OKey network developed a website that allows not only to purchase goods, but also to deliver them to consumers.

Relying on the recent survey, there are new growing markets for goods and services emerging in 21st century, so called TOP-10 (Table 2).

Table 2 – New growing markets (based on the author’s research)

<i>New growing markets</i>	<i>Indicators of growth</i>	<i>Added value</i>
HLS and PN (healthy lifestyle and proper nutrition)	More and more people are interested in the subject of a healthy lifestyle and proper nutrition, and therefore, undoubtedly, all relevant products are gaining popularity, forming new growing markets. Today, the population of the entire globe can be divided into two groups: people who eat instant foods, and people who advocate healthy lifestyles and PN. The sale of products that do not contain any harmful additives and preservatives is gaining momentum very quickly.	In addition, the growing market can be called the activities of nutritionists who are developing individual training for people who are overweight. Many now make the choice in favor of proper nutrition and sports, and therefore the business related to fitness is actively flourishing.
Courier services: fast delivery	Courier services entered a growing market due to an increase in the number of online purchases. Now this is a winning niche that does not require complex final calculations and determination of indicators of the enterprise. Today, many people choose this direction in order to start their own business, and not work hard as an “office plankton”. Of course, a very significant factor in such a business is the delivery of products, important documentation, as well as the organization of cargo transportation. If you competently start working in this field, you will be provided with access to a growing market.	Courier services are expected to be even more in demand. With an increase in orders in the capital and foreign companies in the region of the country, various express delivery operators become very popular, forming a growing market. Of course, it will not be easy for newly minted firms here, but demand indicators still attract new players.
Fast food	The crisis situation has led to the fact that a considerable number of such institutions have gone bankrupt, having literally vacated places, that is, an area for cafes and restaurants. The ruin has overtaken to a greater extent medium and high-level establishment, but fast food today is a growing market. For instance, we saw on the Internet an advertisement for the famous Russian artist, who opened fast food chain called “Black Star Burger”. A visit to the burger cafe was worth huge queues and expectations for two to three hours, but this did not stop the buyers. Here we have a growing market. It is worth noting that the performer did not open a high-class restaurant, like other well-	In addition to such establishments, snack bars that seem simple at first glance will come to the growing market with original ideas for decorating, serving, cooking, unique offers and a wide menu at affordable prices. The main advantage of such a business is the desire of many people to eat cheap and tasty, which means that with proper business management you are guaranteed access to a growing market and a stable income.

Table 2 (continued)

<i>New growing markets</i>	<i>Indicators of growth</i>	<i>Added value</i>
	<p>known personalities, but decided to equip a middle- establishment, which can be visited by people with different income levels. Given the growing market in this area, we can say that the niche was chosen very well. The burger advertising campaign was very successful.</p>	
<p>Second-hand, commission and discount stores</p>	<p>Today it is a growing market due to the cheapness of branded goods. Everyone understands that almost all textiles are made in China, regardless of the trademark attached to things. Most popular brands do not even belong to Europe, they are just very competently advertised. Sales of products from China can also be called a growing online market – AliExpress and eBay sites, which today are in unprecedented demand from buyers from all over the world.</p>	<p>Considering the fact that today brands can be faded into the background and Chinese products simply fill the shelves, cheap second-hand stores selling the same goods, but in a specially furnished room, are growing markets. There will always be widespread demand for such outlets, because many people want to save their money. Low cost is what makes this market grow</p>
<p>Home mini-production: cakes to order, sewing clothes, small work</p>	<p>According to experts, today home bakeries are also entering a growing market. In recent years, the number of people who want to earn in this way has increased by almost 20%. Some simply lost their jobs, while others seek to start their own business. The price of a cake made at home is in the range from 2000 to 5000 rubles. As a rule, products purchased by the manufacturer comprise one third of the final order value. Here is a new growing market.</p>	<p>In addition, home-baking workshops and the sale of kitchen utensils and products for the preparation of confectionery are also popular. If somebody likes doing this business and at least a little versed in the types of cakes, why not open your own business. According to experts, this growing market will only gain momentum (this applies to all types of small businesses with minimal investment and work at home). Perhaps very soon, making orders at home will be able to compete with entire enterprises to produce confectionery products, because more and more people are starting to open their own business in this area.</p>
<p>Information and consulting business</p>	<p>Today, a lot of people try themselves in this direction. The most successful start-up businessmen fill out their ideas</p>	<p>It is impossible to say that, unfortunately, there are more and more scammers</p>

Table 2 (continued)

<i>New growing markets</i>	<i>Indicators of growth</i>	<i>Added value</i>
	<p>in cases and various trainings (for example, “where to start to earn big money”, “the fastest ways to promote your business”, etc.). And after all, people pay money, hoping to become as successful. Today it is a new growing market.</p>	<p>developing simple cases and implementing them at a “reduced” price. However, it is still possible to find professionals who are really ready to give good recommendations on doing business. There are few of them, and therefore, in this growing market, the consumer often just wastes his money. Of course, do not despair. Beginning entrepreneurs need useful advice and are ready to allocate funds for this. In the modern world, it’s not difficult to make an advertisement for yourself, to develop your own brand (here, the Global Network comes to the aid of many people). It is only necessary to correctly plan the action.</p>
<p>Repair of phones, tablets, office equipment</p>	<p>Where in the modern world without gadgets, and in the company – without office equipment? The printer crashes, the display of the smartphone is broken, the image on the tablet is distorted – all cases cannot be counted. It is no secret that every person who cherishes his equipment will not go to the first “office” but will find a reliable company that provides quality services.</p>	<p>These are the companies that are entering the growing market. The more gadgets - the more customers. The field here is very extensive, but it will be optimal to choose one direction (for example, servicing exclusively Android or fixing office equipment).</p>
<p>Website development and promotion services</p>	<p>This growing market is not slowing down. The global network is full of advertisements on the creation of Internet resources, web pages and other online materials. But the demand is very high, since every beginner or advanced entrepreneur wants to develop an original website for his enterprise that will attract customers.</p>	<p>There are enough specialists of different profiles here: developers of information portals, familiar online stores, the most outstanding online resources, and so on. If you are a professional in your field, then you will never have problems with orders. The prospects for this growing market are extremely favorable. The sphere, as in the case of equipment maintenance, is very extensive, and therefore it is best to choose one direction for yourself (for example, creating websites for hotels).</p>

Table 2 (continued)

<i>New growing markets</i>	<i>Indicators of growth</i>	<i>Added value</i>
Production of unique products to order, handmade	We already have mentioned that making custom cakes today is a growing market. The same can be said about original products made by oneself. Sometimes such products are simply exclusive.	You can do almost everything: sewing clothes, decorating rooms, making trinkets, handbags, decorative items, and so on. Many people want to stand out from the crowd by purchasing similar products. Demand is the main engine of this growing market.
Marketplace	This is a “find” of the modern world, which was mainly promoted by transport companies and taxis. The main advantage of this growing market is the convenience of speed.	The contractor organizes the provision of services in a timely manner, and the customer, in turn, remains completely satisfied, improving the company’s reputation.

Opportunities here are countless. However, it is not necessary to dwell on a random sphere. Each decision must be made on the basis of available statistical, evaluation, research data. This is the only way we can get to a growing market that will provide with a stable income.

2.2 Agricultural sector as most fast growing: the case of “Georesurs”

2.2.1 Economic characteristics of “Georesurs”

Consider the organizational and economic structure of the enterprise.

“Georesurs” Limited Liability Company was established in 2006 year. The founders are individuals. The main activities are the production of a wide range of high-quality sausages and semi-finished products from meat raw materials of own production, grown on own agricultural land.

Legal address of LLC “Georesurs”: Krasnodar, st. Krasnoarmeyskaya, 27. The authorized capital of LLC “Georesurs” is 10,000 rubles. The number of employees of LLC “Georesurs” is 29 people.

The organizational and managerial structure of the enterprise includes the office of the general director (CEO), human resources (HR) department, marketing

department, accounting department, retail sale and wholesale department, retail store, two warehouses (Figure 7):

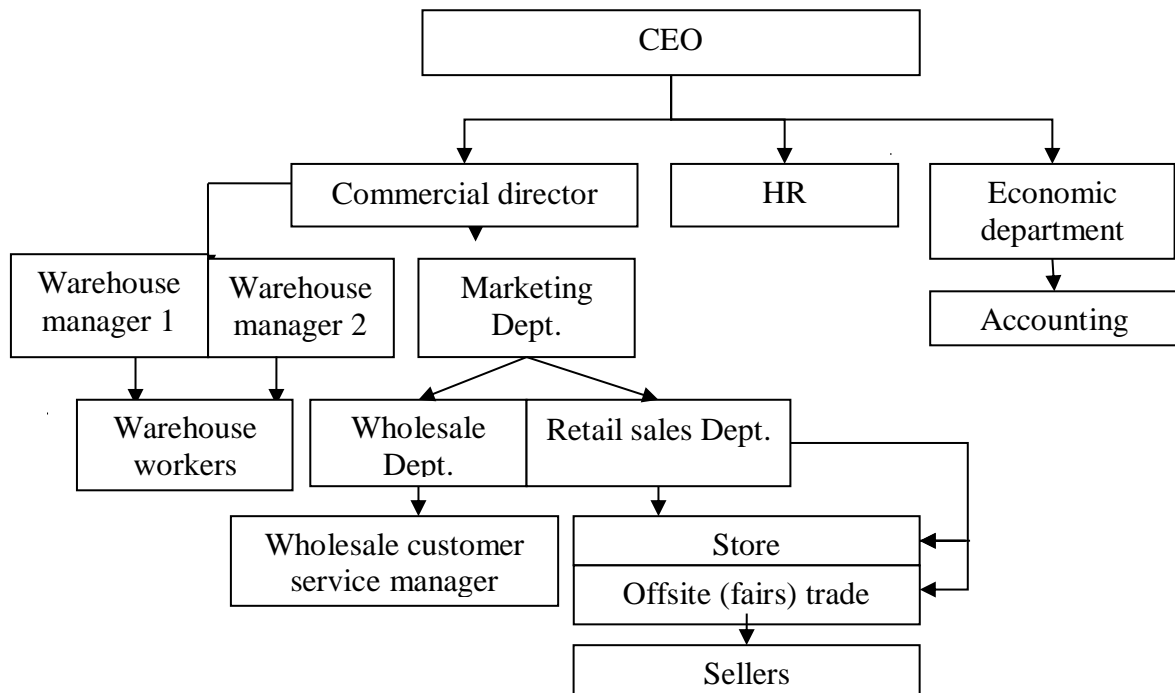


Figure 7 – Organizational management structure of LLC “Georesurs”

Organizational activities at LLC “Georesurs” are built taking into account the linear-functional management structure. Linear-functional management structure - a structure in which managerial influences are divided into linear – mandatory for implementation, and functional – recommendatory for execution.

Linear-functional management structures provide the priority of the one-man management of all resources and responsibility for the work of the entire organization as a whole. They are based on rational specialization of production and functional units, hierarchy of managerial powers, and monitoring of the effectiveness of the performance by each unit and performer of the functions assigned to it. Due to a clearly defined organizational structure, the enterprise Georesurs LLC is confidently striving for leadership in the food market (agricultural industry), using the latest developments in the field of sales.

The ability of a commercial enterprise to adapt to changing market conditions, as well as ensuring its greater susceptibility to new consumer requirements, is the

most important problem at present. The solution to this problem requires a management system that could provide flexibility and manageability for all departments of the enterprise. Manageability is a category of management, characterized by a clear view of each employee in the organization about what he is responsible for, who submits to what should be done in case of problems. Manageability is determined not only by a clear distribution of responsibilities, but also by the speed of information transfer, without distorting its meaning.

Georesurs LLC monthly expands the range of products sold, and is also exempted from poorly sold goods in order to attract a larger circle of customers and increase profits.

Tasks of Georesurs LLC: Profit and growth. Georesurs LLC strives to ensure a constant increase in the rating of the Company in the market for the sale of household and construction goods, and financing of the company's future growth.

Principles of activity of LLC Georesurs: Quality comes first. The company strives to satisfy the needs of customers, so the quality of the services provided and customer service is a top priority.

Consider the key factors for assessing the competitiveness of the company.

2.2.2 Main indicators analysis on the financial condition of the enterprise

We will analyze the financial condition of the company, as well as the balance sheet and assess the level of property status. The financial condition of the organization is characterized by the size, location, structure and use of the property (assets) of the organization and the sources of its formation (liabilities).

Indicators of asset and liability in dynamics are presented in Table 3.

Based on the Table 3 we conclude that the balance sheet currency for 2017–2019 years has increased by 5613 thousand rubles or 31%.

Non-current and current assets from 2017 to 2019 years increased by 27% and 9%, respectively.

Table 3 – Horizontal analysis of the balance of LLC “Georesurs” (based on balance sheet presented in Appendix A), th. roubles

Indicators	2017 year	2018 year	2019 year	Deviation 2018 to 2017 years		Deviation 2019 to 2018 years		Deviation 2019 to 2017 years	
				+/-	%	+/-	%	+/-	%
I. Noncurrent assets	10073	12757	12739	2684	27	-18	0	2666	26
Intangible assets		21	18			-3	-14		
Fixed assets	8417	9710	9128	1293	15	-582	-6	711	8
Financial investments	234	234	234	0	0	0	0	0	0
Deferred tax assets	70	119	258	49	70	139	117	188	269
Other noncurrent assets	1352	2673	3101	1321	98	428	16	1749	129
II. Current assets	8247	9022	11194	775	9	2172	24	2947	36
Stocks	988	301	191	-687	-70	-110	-37	-797	-81
Value Added Tax on Acquired Values	109	314	398	205	188	84	27	289	265
Accounts receivable	2033	1093	3266	-940	-46	2173	199	1233	61
Cash	5117	6504	7339	1387	27	835	13	2222	43
III. Capital and reserves	12475	13779	14645	1304	10	866	6	2170	17
Registered capital	11	11	11	0	0	0	0	0	0
Additional paid-in capital (without revaluation)	8960	9978	10158	1018	11	180	2	1198	13
Reserve capital	3504	3790	4476	286	8	686	18	972	28
IV. Long term liabilities	35	52	63	17	49	11	21	28	80
Deferred tax liabilities	35	52	63	17	49	11	21	28	80
V. Short term liabilities	5810	7948	9225	2138	37	1277		3415	
Borrowed funds	2225	4198	4760	1973	89	562	13	2535	114
Accounts payable	3585	3750	4465	165	5	715	19	880	25
Balance sheet	18320	21779	23933	3459	19	2154	10	5613	31

In 2019 year, non-current assets decreased by 1% compared to the previous year, and current assets increased by 24%. In the structure of non-current assets in terms of indicators, we note that fixed assets occupy the largest share. The share of fixed assets tends to decrease over the analyzed period from 46% to 38%. There is a presence of financial investments, which throughout the entire period do not change and amount to 234 thousand rubles. Financial investments, deferred tax

assets and other non-current assets have the least weight in the structure of non-current assets, but their dynamics positively characterizes the enterprise.

For the period 2018–2019 years the share of fixed capital decreased by 5.4%, and the share of working capital, respectively, increased by 5.4%. The share of current assets for the period 2017–2019 years higher than the share of non-current assets and is respectively 36% and 26%.

We will carry out a vertical analysis of the enterprise balance sheet (Table 4).

Table 4 – Vertical analysis of the balance of LLC “Georesurs” (specific gravity) for years 2017–2019 (based on balance sheet presented in Appendix A), %

Indicators	2017 year	2018 year	2019 year	Deviation 2018 to 2017 years	Deviation 2019 to 2018 years	Deviation 2019 to 2017 years
I. Noncurrent assets	55	59	53	4	-6	-2
Intangible assets	0	0	0	0	0	0
Fixed assets	46	45	38	1	-7	-8
Financial investments	1	1	1	0	0	0
Deferred tax assets	0	1	1	1	1	1
Other noncurrent assets	7	12	13	5	1	6
II. Current assets	45	41	47	-4	-6	-2
Stocks	5	1	1	-4	0	-4
Value Added Tax on Acquired Values	1	1	2	0	1	1
Accounts receivable	11	5	14	-6	9	3
Cash	28	30	31	2	1	3
III. Capital and reserves	68	63	61	-5	-2	-7
Registered capital	0	0	0	0	0	0
Additional paid-in capital (without revaluation)	49	46	42	-3	-4	-7
Reserve capital	19	17	19	-2	2	0
Unappropriated balance	0	0	0	0	0	0
IV. Long term liabilities	0	0	0	0	0	0
Deferred tax liabilities	0	0	0	0	0	0
V. Short term liabilities	32	36	39	4	3	7
Borrowed funds	12	19	20	7	1	8
Accounts payable	0	0	0	0	0	0
Balance sheet	100	100	100	0	0	0

The analysis shows that the assets of the enterprise, in general, have a tendency to increase and mainly due primarily to cash, then VAT on acquired values. This is a positive trend for LLC “Georesurs”, although an uncharacteristic feature for an enterprise engaged in wholesale and retail trade, in which money is spent on

the purchase of goods. Then let us consider the structure of assets and liabilities in the analyzed period (Figure 8 and Figure 9).

We will consider the structure of the enterprise assets (Figure 8).

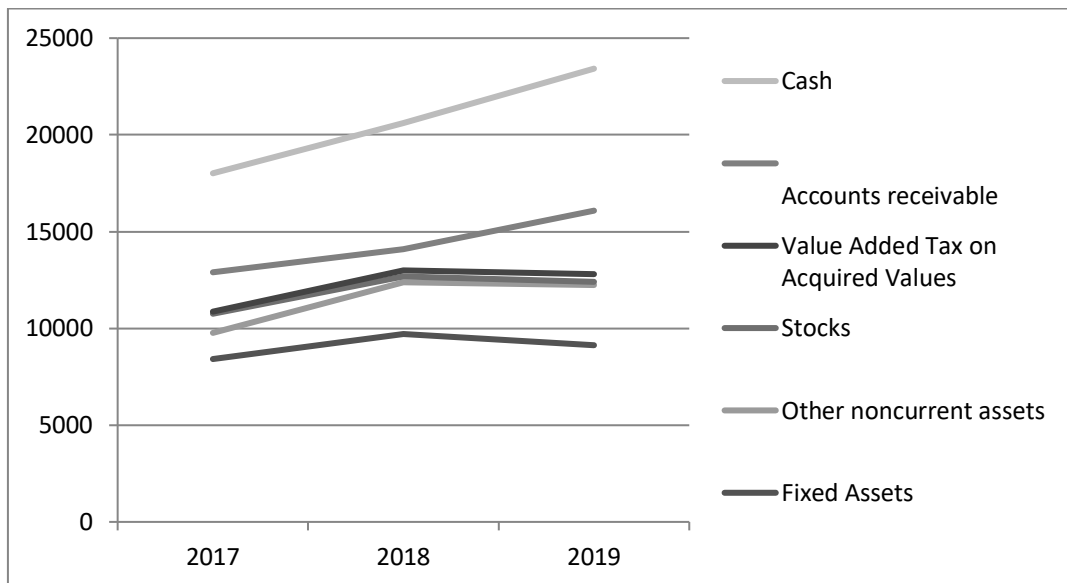


Figure 8 – Structure of the enterprise assets in 2017–2019 years

As we can see, the structure of the enterprise assets consists of increasing cashflows and accounts receivable while value added tax on acquired values, stocks, fixed assets and other noncurrent assets are declining.

Then the structure of the enterprise liabilities for the period of 2017–2019 years presented, as shown on Figure 9.

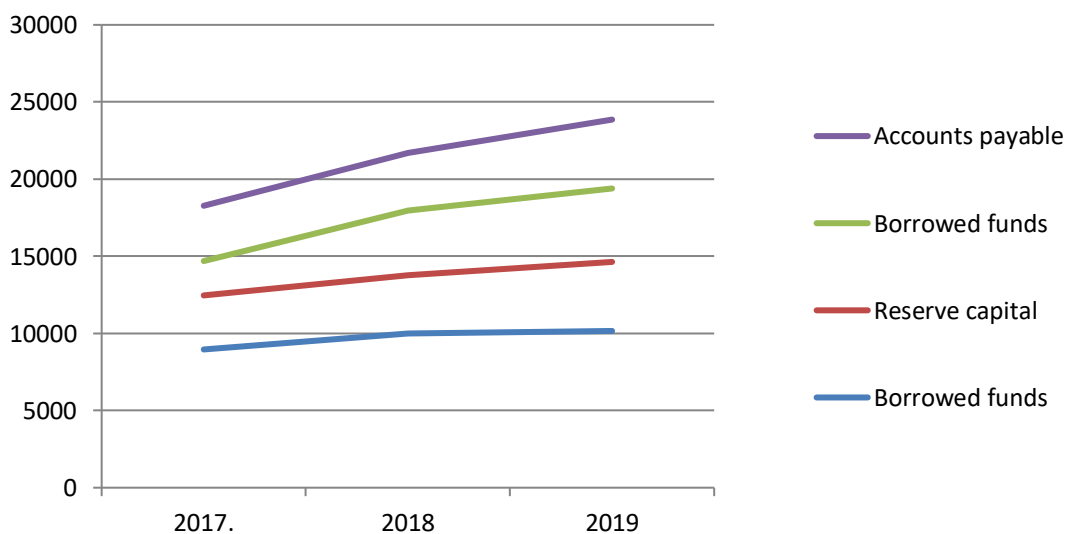


Figure 9 – Structure of the enterprise liabilities for 2017–2019 years

Looking at the figure above we can sum up that structure of the enterprise liabilities remains stable in terms of increasing accounts payable, borrowed funds, reserve capital and borrowed funds.

The financial condition of the enterprise largely depends on what means it has at its disposal and where they are invested, how optimally the ratio of equity to borrowed capital is (Table 5).

Table 5 – Analysis of sources of property formation LLC “Georesurs” for years 2017–2019 (based on balance sheet presented in Appendix A), th. Roubles

Indicators	2017 year	2018 year	2019 year	Deviation 2018 to 2017 years		Deviation 2019 to 2018 years	
				+/-	%	+/-	%
Capital and reserves, total:	12475	13779	14645	1304	10	866	6
- in % of the sources of property formation:	68	63	61		-5		-2
Authorized capital	11	11	11	-	-	-	
- in % of the result of the third section of the balance sheet	0,01	0,01	0,01				
Extra capital	8960	9978	10158	1018	11	180	2
- in % of the result of the third section of the balance sheet	71	72	69		1		-3
Reserve capital	3504	3790	4476	286	8	686	18
- in % of the result of the third section of the balance sheet	28	27	30		1		3
Long-term liabilities, total:	35	52	63				
- in % to the amount of funds' sources	0,2	0,2	0,3				+0,1
Short-term liabilities, total:	5810	7948	9225	2138	37	1277	16
- to the sum of property formation sources:	31	36	38		5		2
Borrowed funds	2225	4198	4760	+ 1973	+89	+562	+ 13
- in % to short-term liabilities	23,9	35,8	34,7		+11,9		-1,1
Accounts payable	3585	3750	4465	165	5	715	19
- in % to short-term liabilities	61	47	48		14		1
Sources of property formation, total:	18320	21779	23933	+3463	+19	+2154	+10

Analyzing the liabilities structure in the balance sheet, it should be noted that the share of capital and reserves tends to decrease from 49% to 42%, which is estimated negatively and indicates a move towards increasing financial instability of

the enterprise. Short-term liabilities, by contrast, are increasing, and the share in 2017 year was 36%, and in 2019 year – 38%.

The lack of own funds and an increase in the share of borrowed funds indicates a decrease in the financial independence of the enterprise and affects financial stability.

Having studied the composition and structure of the property of LLC “Georesurs” for 2017–2019 years and in accordance with the consolidated comparative analytical balance, we can draw the following conclusion.

The total value of the property of the enterprise during the entire analyzed period increased: in 2018-2019 years. The value of the property increased by 3463 thousand rubles, respectively, or 19% and 2154 thousand rubles, or 10%. Accounts receivable by the end of 2018 year decreased by 940 thousand rubles, or 46%, and in 2019 year increased by 1233 thousand rubles, or 61%.

Cash increased in 2018 year by 1387 thousand rubles, or 27%. Fixed assets account for the largest share in non-current assets throughout the analyzed period, but their share is gradually decreasing from 46% in 2017 year to 38% in 2019 year.

2.3 Methodological observations of financial stability indicators

It is necessary to draw attention and in future to create a system of interaction between state bodies involved in the systemic management of the financial sector. It is important to keep in mind that financial stability depends on the effectiveness of risk management and trust of the population in the financial system. Therefore, international management methods of security risks in the practice of assessing financial stability and creation of the financial security system are of great importance, such as:

1. Monitoring financial stability indicators.
2. Strategic planning.
3. International security systems mechanism [31, P. 385].

Taking into account the methodology for determining financial stability proposed in the studies of P. Rodicaa, S. Alexandrua, T. Angelaa and W. Brauers,

R. Ginevičius, A. Podvieszko [8, P. 350; 31, P. 385], we will group the calculations on current study of LLC “Georesurs” in Table 6.

Table 6 – Absolute indicators of financial stability of LLC “Georesurs” for the period 2017–2019 (based on balance sheet presented in Appendix A), th. Roubles

Indicator	2017 year	2018 year	2019 year	Surplus (+) or deficiency (-)		
				2017 year	2018 year	2019 year
Sources of own funds	8974	9992	10172	+1018	+180	+ 1198
Fixed assets and investments	10073	12757	12739	+2684	-38	+2666
Availability of working capital	-1099	-2765	-2657	-1666	+198	-1468
Long-term loans and borrowings	35	52	63	+17	+11	+28
Availability of working capital and long-term sources for the formation of stocks and costs	-1064	-2713	-2594	1649	119	1649
Short-term loans and borrowings	2225	4198	4760	+ 1973	+562	+2539
Total value of the main sources of funds for the formation of stocks and costs	1161	1485	2166	+324	+681	+ 1005
Total inventory of stocks and costs	5226	6818	7737	+ 1592	+919	+2511
Surplus (+) or deficiency (-):						
- working capital (own funds)	-6325	-9583	-10394	-3258	-811	-4069
- own working capital and long-term borrowed funds for the formation of stocks and costs	-6290	-9531	-10331	-3241	-800	-4041
- total value of the main sources of funds for the formation of stocks and costs	-4065	-5333	-5571	-1268	-238	-1506

Let us consider Table 7 shows the relative indicators of financial stability.

Table 7 – Relative indicators of financial stability of LLC “Georesurs” for the period of 2017–2019 years (based on balance sheet presented in Appendix A), %

Indicators	Normal limitation	Actual Values			Absolute change	
		2017 year	2018 year	2019 year	2018 to 2017 years	2019 to 2018 years
The coefficient of concentration of equity (autonomy)	>50,0	68	63	61	-5	-2
The coefficient of own capital (funds)	>50,0	29	11	17	-18	-6
Equity ratio	>50,0	19	7	13	-12	6
Ratio of long-term borrowing	dynamics	0	0	0		
Ratio of borrowed and own funds	<70,0	47	58	63	11	5

According to the followed Table 7 it is shown that in the analyzed period for 2017–2019 years, the absolute indicators of financial stability have negative values, there is a tendency to decrease them for the period of 2017–2019 years.

Based on the calculation of these indicators, it can be concluded that LLC “Georesurs” is financially dependent on borrowed sources. This is confirmed by the values of the coefficients of autonomy and the ratio of borrowed and own funds.

The level of autonomy coefficient in 2019 year continues to decline, which indicates an unfavorable structure of financial sources. The Ratio of own working capital is constantly reduced, which is a negative point. However, given the specifics and type of activity of the enterprise, the value of this coefficient is within the normal range. The value of the coefficients in the range 17-29 is acceptable for enterprises in the field of wholesale trade.

It is important to distinguish the following. Profitability ratios are financial metrics used by analysts and investors to measure and evaluate the ability of a company to generate income (profit) relative to revenue, balance sheet assets, operating costs, and shareholders’ equity during a specific period of time. They show how well a company utilizes its assets to produce profit and value to shareholders [30].

A higher ratio or value is commonly sought-after by most companies, as this usually means the business is performing well by generating revenues, profits, and cash flow. The ratios are most useful when they are analyzed in comparison to similar companies or compared to previous periods.

The coefficient of maneuverability (equity ratio) of own funds also has low values. During the analyzed period, its level does not reach the normative value.

The ratio of borrowed to own is constantly increasing. The company must strive to reduce the level of this ratio, since a high level indicates the dependence of the company on borrowed sources. However, for enterprises in the field of wholesale trade, this ratio may be acceptable, subject to the rapid turnover of accounts payable.

Let us consider the dynamics of financial stability ratios LLC “Georesurs” for 2017–2019 years (Figure 10).

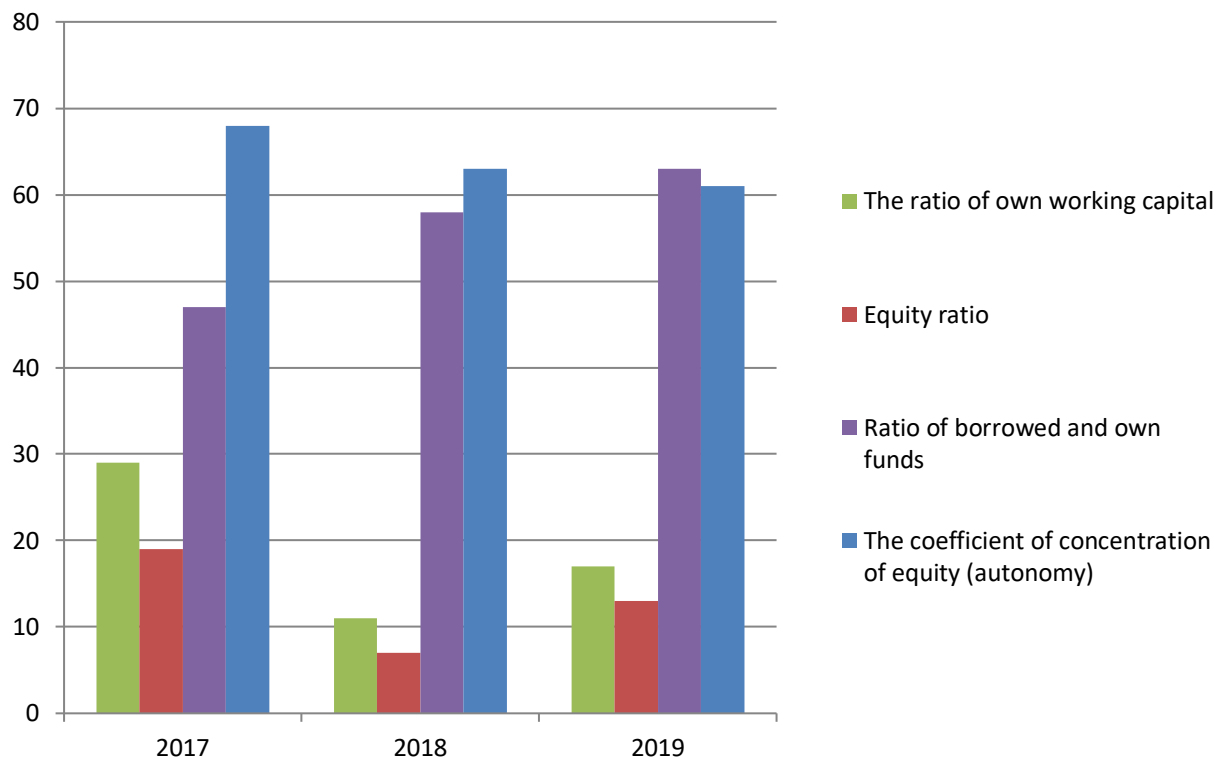


Figure 10 – Dynamics of financial stability ratios LLC “Georesurs” for 2017–2019 years

Important indicators of financial condition are the liquidity and solvency of the company. The financial stability of a trade organization is characterized by a system of absolute and relative indicators.

The liquidity indicators can assess the financial and economic stability of the enterprise. The balance sheet liquidity analysis is presented in Table 8.

The liquidity of an enterprise is its ability to turn its assets into money to cover all necessary payments as they become due. The liquidity of the enterprise is determined by the presence of working capital in the amount sufficient to repay short-term obligations. To determine the real degree of liquidity of the analyzed enterprise, it is necessary to conduct a balance sheet liquidity analysis. For this, we presented in Table 8 the asset and liability of the enterprise which were grouped according to the following features:

- by the degree of decreasing liquidity (asset);
- by the degree of urgency of payment (repayment) (liability).

The balance is considered absolutely liquid if the following conditions are met at the same time: $A1 \geq P1$; $A2 \geq L2$; $A3 \geq L3$; $A4 \leq L4$. Then we will evaluate the main groups of assets and liabilities in Table 8.

Table 8 – Groupings of balance sheet assets by liquidity and liability by urgency of payment (based on the author’s research)

ASSET	LIABILITY
A1 Most liquid assets: – cash; – short-term investments (securities).	L1 The most urgent obligations: – accounts payable.
A2 Fast-selling assets: – accounts receivable.	L2 Short-term liabilities: – short-term loans and borrowings.
A3 Slow-moving assets: – inventories minus deferred expenses; – VAT; – long-term financial investments.	L3 Long-term liabilities: – long-term loans and borrowings.
A4 Hard-to-sell assets: – intangible assets; – fixed assets; – construction in progress; – future expenses; – long-term receivables.	L4 Permanent liabilities: – articles of the section “Capital and reserves”, as well as articles of the section “Short-term liabilities”, not included in the previous group.

Failure to meet one of the prerequisites for absolute liquidity at LLC “Georesurs” in 2017–2019 years allows us to conclude that the company can function quite successfully in the current year, but at the same time it has reserves for improving its activities. To perform calculations on the liquidity balance sheet we are about to make Table 9.

Table 9 – Calculation of the balance sheet liquidity of LLC “Georesurs” for the period 2017–2019 years (based on balance sheet presented in Appendix A), th. roubles

Asset	2017 year	2018 year	2019 year	Liability	2017 year	2018 year	2019 year
A1	5117	6504	7339	L1	3585	3750	4465
A2	2033	1093	3266	L2	2225	4198	4760
A3	2033	1093	3266	L3	35	52	63
A4	10073	12757	12739	L4	12475	13779	14645

The Table 9 proves the fact that the company can function quite successfully in the current year, but at the same time it has reserves for improving its activities.

Characterizing the liquidity of the balance sheet, it should be noted that in the period from the 2017 to 2019 years there is a lack of funds to cover short-term liabilities (Table 10).

Table 10 – Analysis of the liquidity balance of the LLC “Georesurs” for the period 2017–2019 years (based on the author’s research)

Condition	2017 year	2018 year	2019 year
$A1 \geq L1$	+	+	+
$A2 \geq L2$	-	-	-
$A3 \geq L3$	+	+	+
$A4 \leq L4$	+	+	+
Balance sheet liquidity analysis	The balance is illiquid	The balance is illiquid	The balance is illiquid

The analysis of the liquidity balance of the LLC “Georesurs” for the period 2017–2019 years presented in Table 10 shows the fulfillment of the conditions in the following order: $A1 \geq L1$; $A2 \leq L2$; $A3 \geq L3$; $A4 \leq L4$.

In our case, taking into account the methods of proposed by G. Savitskaya and D. Sheremet [34, P. 61], the balance is illiquid.

A more detailed analysis of liquidity ratios is shown in Table 11.

Table 11 – Assessment of the liquidity indicators of LLC “Georesurs” for the period 2017–2019 (based on the author’s research), %

Indicators	2017 year	2018 year	2019 year	Norm
Current ratio	107	100	86	>200
Quick ratio	88	92	80	>100
Absolute liquidity ratio	88	82	80	>20,0

According to Table 11, the liquidity indicators of LLC “Georesurs” for the period 2017–2019 years can be assessed within the balance of the enterprise as illiquid due to non-fulfillment of the inequality $A2 \geq L2$.

Profitability, that is, the yield of an enterprise, can be estimated using both absolute and relative indicators. Absolute indicators express profit, and are measured in cost terms, in rubles. Relative indicators characterize profitability and are measured in percent or in the form of coefficients.

Consider the solvency ratios (paying capacity) of the enterprise (Table 12).

Table 12 – Solvency analysis of LLC “Georesurs” (based on the author’s research)

Indicator name	2017 year	2018 year	2019 year
Current ratio	1,419	1,135	1,213
Equity Ratio	-0,517	-0,533	-0,314
Solvency loss ratio	0,887	0,532	0,617
Solvency recovery ratio	-0,388	-0,271	-0,102
Structure of the enterprise balance sheet	unsatisfactory	unsatisfactory	unsatisfactory

As the solvency analysis of the enterprise performed in Table 12 says, during the period from 2017 to 2019 years the actual value of the current liquidity ratio decreases from 1.419 in 2017 year to 1.213 in 2019 year. Thus, the company should strive to increase this indicator.

The equity ratio has been negative for all three years. At the same time, a negative trend is observed – its value is constantly increasing from -0.517 in 2017 year to -0.314 in 2019 year. In the aggregate of solvency analysis indicators, the balance sheet structure of the enterprise is considered illiquid.

The total solvency ratio shows that 1 ruble invested in fixed assets and other non-current assets, as well as stocks and expenses, in 2017-year account for 0.15 rubles of long-term and short-term loans and borrowings. There has been a tendency to increase this ratio. For 2017–2019 years, this increase amounted to 60%, which is associated with the growth of short-term loans, as well as short-term debt of the organization.

Based on the information on the income statement, it is advisable to analyze the structure of the proceeds from the sale of goods, products, works performed and various services provided. To do this, it is necessary to calculate the percentage in those values and indicators that form the revenue from the sale of goods, products, works, and services.

The necessary statistics for assessing and calculating the dynamics and structure of the financial results of the economic activity of the organization LLC “Georesurs” are presented in Table 13.

Table 13 – Analysis of the profit of LLC “Georesurs” for the period 2017–2019 years (based on balance sheet presented in Appendix A), th. roubles

Indicator	2017 year	2018 year	2019 year	Change (+, -), thous. rub.			Specific gravity (density), %		
				2018 to 2017 years	2019 to 2017 years	2019 to 2018 years	2017 year	2018 year	2019 year
Revenue	51234	63578	74529	12344	23295	10951	100,0	100,0	100,0
Cost of sales	40128	50961	58617	10833	18489	7656	78,3	80,2	78,6
Gross profit	11106	12617	15912	1511	4806	3295	21,7	19,8	21,4
Selling expenses	2862	3079	3027	217	165	-52	5,6	4,8	4,1

Table 13 (continued)

Indicator	2017 year	2018 year	2019 year	Change (+, -), thous. rub.			Specific gravity (density), %		
				2018 to 2017 years	2019 to 2017 years	2019 to 2018 years	2017 year	2018 year	2019 year
Management expenses	329	0	329	-329	329	0	0,6	0,0	0,6
Profit (loss) from sales	7915	9538	12556	1623	4970	3347	15,4	15,0	17,3
Profit (loss) before tax	7915	9538	12556	1623	4970	3347	15,4	15,0	17,3
Current income tax	1583	1908	2511	325	994	669	3,1	3,0	3,5
Net income (loss)	6332	7630	10045	1298	3976	2678	12,4	12,0	13,8

As the analysis of the profit of the enterprise performed in Table 13 says, during the period from 2017 to 2019 years, cost of sales and gross profit have been remaining relatively the same. Profit (loss) from sales surely has been decreasing.

Table 13 above shows that sales revenue in 2019 year compared to 2017 year increased by 12344 thousand rubles. The share of gross profit in the structure of revenue from sales of goods decreases over the analyzed period from 21.7% to 21.4%, and the share of cost increases from 78.3% in 2017 year to 80.2% in 2018 year and 78.6% in 2019 year.

The growth of gross profit for 2017–2019 years by 4,806 thousand rubles was due to a greater extent to a decrease in selling expenses.

Revenues for the analyzed period are constantly increasing. In 2018 year, the revenue level amounted to 63,578 thousand rubles, and in 2019 year – 74,529 thousand rubles. Cost of sales is also constantly increasing from 40128 thousand rubles in 2017 year to 50961 thousand rubles in 2018 year, and 58617 thousand rubles in 2019 year, due to expansion of the enterprise.

Then let us consider the dynamics of revenue and cost of LLC “Georesurs” in 2017–2019 years (Figure 11).

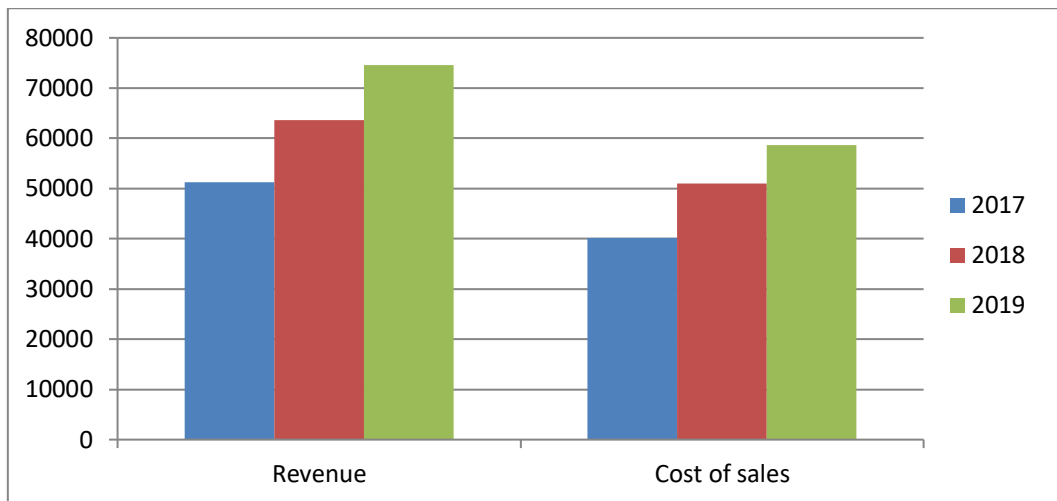


Figure 11 – Dynamics of revenue and cost of LLC “Georesurs” in 2017–2019 years

As the analysis of the Figure above says, the gross profit growth is preserved throughout the entire period: by 11106 thousand rubles in 2017 year to 12,617 thousand rubles in 2018 year, and 15912 thousand rubles in 2019 year, however, its growth rate is declining.

Selling expenses in 2018 year compared to 2017 year increased by 165 thousand rubles, but already in 2019 year decreased by 52 thousand rubles.

Management expenses from 2017 to 2018 years were reduced from the level of 329 thousand rubles to zero, but in 2019 year they returned to their previous level.

Net income is also increasing. The good news is the increase in the share of net profit in 2019 year to 13.8% of total revenue.

According to the above data, it is clear that cost is growing more slowly than revenue. The positive point is that in the presence of inflation, the company pursues such an internal price and cost policy that restrains the level of cost growth compared with revenue, which leads to an increase in profit, respectively.

The relative characteristics of the financial results of the company are indicators of profitability [1], in exact manner gross profit loss, profit loss from sales, profit loss before tax and net income loss. Then let us consider the Figure 12 below.

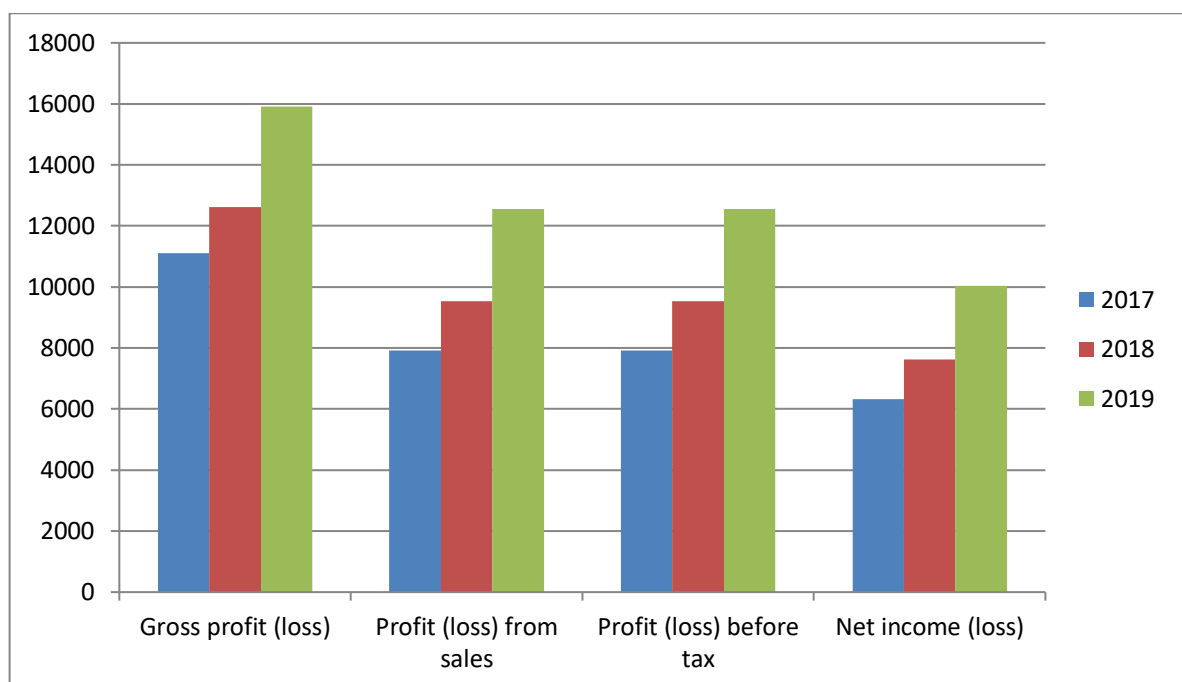


Figure 12 – Dynamics of the company's profit in 2017–2019 years

As the Figure above depicts, such profitability indicators as gross profit loss, profit loss from sales, profit loss before tax and net income loss are striving to grow from year to year studied. Thus the profitability indicators presented are much less influenced by inflation than profit margins, because they are expressed by different ratios of profit and advanced funds (capital), or profit and expenses (expenses).

In the analysis, the calculated profitability indicators should be compared with the corresponding indicators of previous periods. The economic essence of profitability is revealed through a system of indicators (Table 14).

Table 14 – Assessment of the profitability of the enterprise LLC “Georesurs” for the period 2017–2019 (based on the author's research), %

Indicators	2017 year	2018 year	2019 year	Norm
Total profitability	18	18	21	>0
Return on sales	15	15	17	>0
Return on equity (ROE)	102	58	73	>0
Return on Assets (ROA)	69	38	45	>0
Net profit margin (ROS)	12	12	14	>0

From Table 14 it is seen that the majority of profitability indicators in 2018 year compared with 2017 year increased: return on assets (economic profitability) increased by 63% and this indicates an increase in profit from each ruble invested in assets; an increase in the profitability of non-current assets (by 54%), caused by an

increase in net profit, indicates a more efficient use of non-current assets. In general, the company is highly profitable. It is important to note that for all indicators, except for return on assets, there is an upward trend. The stability of the financial situation of the enterprise is due to a significant degree of its business activity, which depends on the breadth of product sales markets, business reputation, a degree of implementation of the plan for the main indicators of economic activity, a level of efficiency of resource use and sustainability of economic growth.

The business activity of the enterprise in the financial aspect is appeared primarily in the speed of turnover of funds. Analysis of business activity consists in studying the levels and dynamics of various turnover ratios (Table 15).

Table 15 – Assessment of business activity indicators of LLC “Georesurs” for the period 2017–2019 years

Business activity	2017 year	2018 year	2019 year
The repayment period of receivables, days	7,24	8,97	10,67
Payables repayment period, days	12,77	21,06	20,12
Period of turnover of stocks and costs, days	3,91	4,91	2,95
Asset turnover period, days	65,26	115,10	111,94
Share of receivables in the balance sheet currency, %	11	5	14
Ratio of accounts payable to receivables, %	176	343	137

Analysis data show that the company is serious about business reputation and business activity in the dynamics that positively characterizes the company. However, for the economic activity of LLC “Georesurs” itself, a high asset turnover period is unacceptable.

In 2019 year, there is a slight decrease in the repayment period for accounts payable, inventories, costs and assets of the enterprise. A large percentage of accounts payable over accounts receivable is also noted.

In general, the company is profitable, cost-effective. The conducted studies will allow us to carry out work on assessing the financial stability indicators and competitiveness of the enterprise LLC “Georesurs”, and to evaluate the financial component of the company’s stability indexes.

3 Suggestions for the Solution of the Competitiveness Problem

3.1 Analysis of the competitive environment of the enterprise: methodology for the problem solution

Let us evaluate the competitiveness level of the enterprise.

Georesurs LLC today has rather weak market positions, its share is less than 10% compared with competitors (25% and 18%, respectively), therefore the company seeks to increase its market share to at least 15%.

The main competitors of the enterprise are: Agrokompleks JSC named after N.I. Tkachev, Sochi Meat Processing Plant LLC, TAVR LLC, Tikhoretsky Meat Processing Plant LLC.

The competitors' advantage is the presence in their product range of products not manufactured by the meat processing plant (uncooked smoked sausages, canned goods, dairy products).

When developing new types of products, the demand and offers of customers are taken into account, which is studied by the marketing department and through the company's corporate trade network. Sales and marketing department are involved in planning the volume of production, assortment and pricing.

To assess the activities of the enterprise Georesurs LLC, its characteristic is compiled, which is built on the basis of the graph of strengths and weaknesses. Based on this graph, it is determined what disadvantages and advantages over competitors it has and, accordingly, measures are taken to increase competitiveness.

Based on the above data, we draw up a chart of strengths and weaknesses for Georesurs LLC (Table 16).

Table 16 – Graph of strengths and weaknesses of LLC Georesurs (based on the author’s research)

Factors Determining the Success of Georesurs LLC	Grade								
	Bad			Average			Good		
	1	2	3	4	5	6	7	8	9
1. Degree of fame					●				
2. Level of product quality					●				
3. Production capacity				●	●				
4. Financial capacity				●	●				
5. Client potential					●				
6. Production program				●	●				
7. Communication policy					●				
8. Income Level				●	●				
9. Level of expenses				●	●				
10. Profitability					●				
11. Location					●				
12. Management system				●	●				
13. Staff					●				
14. Performance				●	●				
15. Research and development				●	●				

Analyzing the graph of strengths and weaknesses, we found that all factors determining success are rated as “bad” or “average”. This followed from the low level of production potential (weak production and technical base, deterioration of equipment).

Let us have a look at marketing environment factors, possible risks for the company and consequences of risk factors (Table 17).

Table 17 – Possible risk factors for Georesurs LLC (based on the author’s research)

Marketing Environment Factors	Possible risk factors	Consequences of risk factors
Microenvironment Competitors	Improving product quality, reducing product costs, expanding the range.	The transition of customers to competitors, the loss of part of the market, lower profits.
Contact Audiences	The media outlined the activities of Georesurs on the negative side.	Loss of the image of the enterprise, and therefore customers, loss of income, parts of the market
Mediators	Loss of one and intermediaries: - warehouse; - financial institutions.	Loss of a point that ensures the accumulation and preservation of goods on their way to their destination, an increase in the cost of transportation. The impossibility of financing Georesurs due to bank loans.
Suppliers	Violations in the supply of fuels and lubricants, spare parts, materials, raw materials	Disruption of customer orders, violation of contracts, penalties, loss of image.
Macroenvironment (demographic economic environment)	Reduced ability of clients, rising inflation.	Decrease in demand for services, decrease in production volume, decrease in incomes.
Natural environment	Rising prices for natural resources, rising prices for electricity, etc.	Increase in production costs, decrease in production and income.
Political environment	Adverse political situation	Lack of investment by investors, deterioration of production and technical base, decrease in income.

With an increase in all factors, first of all, attention should be directed to increasing the production potential: to conduct research on the development and implementation of new more advanced refrigerators and equipment.

In the previous chapter we proposed the methodology of assessing the marketing competitive environment. Now it is calculated the marketing component. It includes an analysis of external strategic factors in the analysis of the market and major competitors, then determines the size (capacity) of the market, degree of

market saturation, trends in these parameters in the nearest future, identifies the most preferred, analyses and evaluates the main competitors. For analysis, an expert method of assessment is used, we will count the indicators according to the formula

$$Ms = Ms1 + Ms2 + Ms3 \quad (2)$$

where

Ms1 – assessment of external strategic factors, Ms2 – assessment of internal strategic factors, Ms3 – market share [34, P. 161].

For the analysis we will draw up Table 18.

Table 18 – Assessment of external strategic factors (based on the author’s research)

External strategic factors	Factor weight	Factor score	Weighted score
<i>Capabilities</i>			
1. Increase in living standards, increasing the solvency of consumers	0,20	4	0,80
2. Emergence of new technologies and products	0,10	4	0,40
3. Development the population’s needs for the goods being sold	0,05	2	0,10
4. Development of communication infrastructure of cities	0,05	1	0,05
5. Investment potential of the industry (availability of investors, sponsorship capital)	0,15	4	0,60
6. Emergence of qualified specialists	0,05	3	0,15
<i>Threats</i>			
1. Competition in the domestic market	0,10	4	0,4
2. Low level of communication infrastructure development	0,03	1	0,03
3. Estimated saturation of the existing market segment	0,10	3	0,30
4. Crime	0,07	1	0,07
5. New technologies of competitors	0,05	2	0,10
6. Emergence of new customer needs for more advanced types of trading services	0,05	2	0,10
Total score Ms1	1,0	31	3,1

The total weighted score is 3.1, therefore, the reaction of the enterprise to environmental factors is slightly above the average level (taking into account the 5-point system). This is due to insufficient attention to such an important component of the external environment as study of demand, dynamics of the needs of real and potential consumers of the company’s products, satisfaction with the enterprise,

quality, cost, range of services and post-sale services, as well as the state and development of the competitive environment.

Then we will carry out an internal analysis of Georesurs LLC. The list and assessment of the strengths and weaknesses of Georesurs are presented in Table 19.

Table 19 – Analysis of internal strategic factors (based on the author’s research)

Internal strategic factors	Factor weight	Factor score	Weighted score
<i>Strengths</i>			
1. High quality of goods and services provided	0,20	5	1,0
2. Availability of qualified personnel	0,10	4	0,4
3. Assortment variety (wide range)	0,05	3	0,15
4. Reasonable pricing policy (providing favorable rates to customers)	0,05	4	0,2
5. Use of innovative technologies	0,15	4	0,6
6. Stable market position	0,10	3	0,3
<i>Weaknesses</i>			
1. Passive marketing activity	0,15	2	0,3
2. Lack of a public opinion monitoring system (real and potential consumers) / independent consulting support in the structure of the enterprise	0,15	2	0,3
3. Low level of organizational culture	0,05	3	0,15
Total score Ms2	1,0	30	3,4

From the analysis of the strengths and weaknesses of the enterprise, it follows that the management of internal resources and potential, taking into account the shortcomings, is also at an average level (although slightly higher than the overall assessment of the consideration of external factors), since the total score is 3.4 points.

Considering the research of marketers of Georesurs, an analysis of the market share should lead to conclusions about the competitive advantages of the enterprise. There are a large number of companies offering services for the sale of identical goods. Consider the main three companies that occupy almost one type of activity to determine market share (Figure 13).

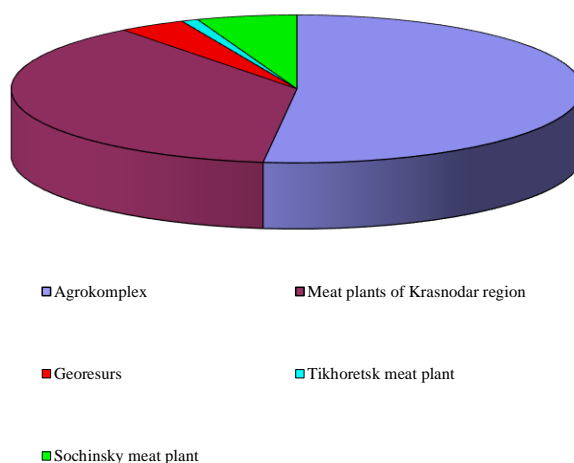


Figure 13 – Distribution of meat market share (based on the author’s research)

The main competitors of Georesurs are Agrokompleks, Tikhoretsky Meat Processing Plant LLC and Sochinsky MPK LLC. We will analyze the competitive position of LLC “Georesurs” (Table 20).

Table 20 – Analysis of the competitive position of Georesurs (based on the author’s research)

Factors	Georesurs	score	Tikhoretsky	score	Agrokompleks	score
Quality of produces goods	high	5	high	5	high	5
Company image as a recognizable enterprise	average	3	above average	4	high	5
Pricing policy	Depends on the financial customer position	3	high	5	high	5
Degree of service	High, personal approach to each customer	5	High, personal approach to each customer	5	High, personal approach to each customer	5
Business reputation	Regular customers	5	Regular customers	5	Regular customers	5
Availability of discounts	For regular customers 5%	3	none	3	3%	4
	Average score	4,2		4,5	Average score	4,8
Ms3 4.2						

Georesurs currently still lags behind companies selling similar products but given that these positions have been developed over 3 years, we note that the company has high potential.

Lack of attention to the advertising side of the company's activities, lack of timely systematic information about the tastes of consumers, necessary for making effective management decisions, significantly weakens the competitive advantages of Georesurs in the market. The analysis of the competitive position of Georesurs among the competing enterprises turned out to be the smallest, which makes us think in order to increase competitiveness.

Indicators of level and dynamics of the enterprise competitiveness are important both for the management of the enterprise and for external investors, and for the state in order to justify the areas of impact on the enterprise and feasibility of investments.

In the presented indicators of an integrated assessment of the enterprise competitiveness, those that are obtained by summing up indices characterizing the competitiveness of individual factors are more preferable. These indicators are mainly known and used in practice to assess competitiveness; known algorithms for their calculation. This assessment reflects the interests of the enterprise, its position in the market.

Given the selected methodology for calculating the competitiveness of the company, considering the integral indicator according to formula [34]

$$K = M_s * U_s * K_f * K_i \quad (3)$$

Then summarize the values that were obtained during the study.

For the company "Georesurs" for the period of 2017–2019 years, changes in the dynamics of the marketing component and changes in the image can be neglected and take as a basis the data obtained in the analysis (Table 21).

Table 21 – Calculation of the marketing component of the company's competitiveness (based on the author's research)

Indicator	Designation	Score
Assessment of external strategic factors	Ms1	3,1
Analysis of internal strategic factors	Ms 2	3,4
Competitive Position Analysis	Ms 3	4,2
Total		10,7

Consider the enterprise's competitiveness by the methodology of competitiveness assessment – using The Matrix Method (developed by the Boston Consulting Group) and describe it when calculating the enterprise's competitiveness indicator according to the formula

$$CCE = 0.15 EC + 0.29 FP + 0.23 EM + 0.33 CP \quad (4)$$

where

CCE – enterprise competitiveness coefficient;

EC – value of the criterion of production efficiency of the enterprise;

FP – value of the criterion of the financial position of the enterprise;

EM – value of the criterion of the effectiveness of marketing and promotion of goods on the market;

CP – value of the criterion of product competitiveness [34, P. 127];

0.15; 0.29; 0.23; 0.33 - weighting factors of the criteria.

Substitutes values and calculates indicators to the formula

$$IP = 0.31I + 0.19F + 0.40RT + 0.10P \quad (5)$$

where

IP – a criterion for the effectiveness of internal production activities of the enterprise;

I – a relative indicator of costs per ruble of income;

F is the relative indicator of capital productivity;

RT – a relative indicator of profitability of sales;

P – a relative indicator of labor productivity;

0.31; 0.19; 0.40; 0.10 – weighting factors of indicators. Then calculate it by formula

$$1. IP = 0.31I + 0.19F + 0.40RT + 0.10P \quad (6)$$

Let us calculate the efficiency criterion for the internal production (Table 22).

Table 22 – Calculation of the efficiency criterion for the internal production of Georesurs LLC for 2017–2019 years

Index	2017 year	2018 year	2019 year
Revenue	51234	63578	74529
Cost of sales	40128	50961	58617
Return on sales	0,15	0,15	0,17
Number	20	21	24
Performance	2561,7	3027,5	3105,4
Productivity (growth rate)	1	1,18	1,03
C (I)	0,78	0,80	0,79
Fixed assets	8417	9710	9128
Average cost of fixed assets	8215	9063,5	9719
Return on assets	6,24	7,01	7,66
Return on assets (growth rate)	1	1,13	1,09
Criterion EC (0,31)	0,592	0,640	1,871

According to estimates, we note that the company’s competitiveness was greatest in 2017 year. Then calculate the indicators by the formula

$$2. FP = 0,29 KA + 0,20 KP + 0,36 KL + 0,15 KO \quad (7)$$

Table 23 – Calculation of the financial condition dynamics of the LLC “Georesurs”

Indicator	2017	2018	2019
KA - a relative indicator of the autonomy of the enterprise	0,68	0,63	0,61
KP - a relative indicator of the enterprise solvency	0,29	0,11	0,17
KL - the relative indicator of liquidity of the enterprise (Absolute)	0,88	0,82	0,80
KO - the relative indicator of turnover of working capital	0,65	1,15	1,12
FP - the criterion of the financial position of the company	0,6695	0,6724	0,6669

0.29; 0.20; 0.36; 0,15 – weighting factors of indicators. Then count the data according to the formula

$$3. EC = 0,37RS + 0,29KO + 0,21CU + 0,14EA \quad (8)$$

Then let us consider the Table 24 presented the criteria for the effectiveness of organization of sales and promotion of goods on the market of LLC Georesurs.

Table 24 – Calculation of criteria for the effectiveness of organization of sales and promotion of goods on the market of LLC Georesurs for 2017–2019 years

Indicator	2017 year	2018 year	2019 year
RS - relative measure of return on sales	0,15	0,15	0,17
KO - a relative indicator of overstock of finished products (assessment of the expert of the company)	0,1	0,15	0,15
CU - a relative indicator of capacity utilization (expert rating of the company)	0,8	0,8	0,8
EA - a relative indicator of the effectiveness of advertising and means of sales promotion (expert rating of the company)	0,5	0,5	0,5
EC - a criterion for the effectiveness of the organization of marketing and promotion of goods	0,323	0,337	0,344

0.37; 0.29; 0.21; 0,14 – weighting factors of indicators.

4. CC – value of the criterion of product competitiveness is quite high, and in the framework of this study we take 0.8. Calculation of the competitiveness criterion of the Georesurs company is carried out according to the formula presented in the first method [34, P. 67]. Then, substitute the values in the formula

$$CCE = 0.15 IP + 0.29 FP + 0.23 EC + 0.33 CP \quad (9)$$

Table 25 – Calculation of the competitiveness criterion of Georesurs for 2017–2019 years

Indicator	2017 year	2018 year	2019 year
IP - criterion for the effectiveness of internal production activities of the enterprise	0,592	0,640	1,871
FP - criterion of the financial position of the enterprise	0,6695	0,6724	0,6669
EC - criterion for the effectiveness of the organization of marketing and promotion of goods	0,323	0,337	0,344
CP - value of the criterion of product competitiveness	0,8	0,8	0,8
CCE - coefficient of enterprise competitiveness	0,621	0,633	0,817

As can be seen from the calculations in Table 25, the greatest value of the enterprise's competitiveness falls on 2019 year.

3.2 Competitiveness management measures and recommendations

One of the conditions for increasing the enterprise competitiveness in developing markets is to fulfill a strategy for its elaboration, while the strategy refers

to a number of tactic actions and management approaches used to achieve organizational tasks and goals. Improving the financial performance indicators, the competitiveness of the enterprise automatically increases.

We consider it is appropriate:

1. To calculate the optimal cash balance at the cash desk and on the current account of the company;
2. Management of receivables through factoring;
3. To calculate the optimal batch of reserves in stocks.

One of the directions of the reorganization of the balance sheet structure is the rational use of the company's funds. Being on the current account of the company they do not bring profit, moreover, the depreciation of money exists as a result of inflationary processes.

The minimum required cash requirement is expressed in the formula

$$RC^{MIN} = P / C \quad (10)$$

where

RC^{MIN} is the minimum required cash;

P – payment of the future period;

C – cash turnover ratio (times) [34, P. 43].

In accordance with the plan for the receipt and expenditure of funds for the coming year, the volume of payment turnover is projected to be equal to 58,000 thousand rubles. The cash turnover ratio in the reporting 2019 amounted to 35.2. In accordance with the above formula it means

$$RC^{MIN} = 58000 / 35.2 = 1648 \text{ ths rub} \quad (11)$$

In the case of an unplanned increase in payment turnover in the coming year, Georesurs does not risk anything. Here we should consider the cash reserve in the form of short-term financial investments. As a result, part of the cash, namely $(7339 - 1648) = 5691$ thousand rubles should also be converted to short-term investments. In order to find internal reserves to optimize the balance sheet structure, and in order to minimize the attraction of additional financing, the company was recommended

to take an inventory of its items and other types of working capital, identify stocks, and reduce their level. In such cases, to identify excess stocks of products, their balances at the end of the month in the warehouse are analyzed, the dates of receipt and disposal of goods (products) are checked.

In LLC “Georesurs” it is necessary to get rid of a poorly sold part of the product even in the presence of unfavorable conditions for its sale. With a markdown of goods by 20%, the company will help out 82 thousand rubles. Losses from the sale of illiquid assets in the amount of 21 thousand rubles will be reflected in retained earnings (loss).

Consider receivables management.

In contrast to inventories and work in progress, which cannot be drastically changed, accounts receivable is a highly variable and dynamic element of working capital, which substantially depends on the organization’s policy regarding product buyers. Desire to reduce the receivables as much as possible is one of the methods for managing liquidity for Georesurs.

Accounts receivable management includes such activities as:

- systematic verification of payment discipline and business reputation of the company’s debtors and daily monitoring of the status of receivables;
- maintaining a payment calendar that tracks the dynamics of payments, their priority, which allows to synchronize receipts and payments.
- in addition, the system of discounts for early repayment of accounts under the agreement among buyers is applied, as well as the system of fines and penalties for partners who do not observe payment discipline.
- limit on accounts receivable, above which the provision of services to the debtor should cease, is also one of the ways to control receivables.

These are typical well-known receivables management measures. As for the improvement of the business marketing component, that is, a meat processing plant is a rather complicated production process in terms of technology and organization. This means that it is always beneficial for the consumer to appropriate the products if they are of good quality and have a reasonable price. The consumer knows about

existing competitors, products and analogues. Achieving the desired sales and profits requires little marketing effort.

In the context of Russian business, it is difficult to focus on the social and ethical concept of marketing. Although, using the example of Georesurs LLC, we can see some elements of the above-mentioned concept: use of naturally degradable components that are harmless to the human body; strict selection of suppliers of raw materials – a requirement for the supplied raw materials; feed, fats, convenience foods. All this seeks to expand the range of products and reduce its cost, which is not typical for social and ethical marketing.

3.3 Effectiveness assessment and forecasting of the proposed activities

In accordance with the recommended measures to increase the competitiveness of the enterprise, subject to the assumption that the level of sales and revenue will remain at the same level, the following changes will occur in the balance of Georesurs LLC (Table 26).

Table 26 – Forecast balance of LLC “Georesurs” for the coming period (based on the author’s research), th. roubles

Indicator	2019 year	2020 year	Deviation
Assets			
I. Noncurrent assets			
Intangible assets	18	18	
Fixed assets	9128	9128	
Financial investments	234	234	
Deferred tax assets	258	258	
Other noncurrent assets			
Stocks	3101	3101	
Total of section I	12739	12739	
II. Current assets			
Stocks	191	109	-82
Value Added Tax on Acquired Values	398	398	
Accounts receivable	3266	3266	
Cash	7339	1648	-5691
Total of section II	11194	5421	-5773
Balance	23933	18160	-5773
Liabilities			
III. Capital and reserves			
Registered capital	11	11	
Additional paid-in capital (without revaluation)	10158	10158	

Table 26 (continued)

Indicator	2019 year	2020 year	Deviation
Reserve capital	3	3	
Retained earnings (uncovered loss)	4473	4452	-21
Total of section III	14645	14624	-21
IV. Long term liabilities			
Borrowed funds			
Deferred tax liabilities	63	63	
Total of section IV	63	63	
V. Short term liabilities			
Borrowed funds	4760	3069	-1691
Accounts payable	4465	404	-4061
Total of section V	9225	3473	-5752
Balance sheet	23933	18160	-5773

As a result of the measures taken, the expected reduction of the balance sheet currency will amount to 5691 thousand rubles. This change is temporary.

In the future, it is planned to open two new stores of Georesurs, to attract new partners for retail sales by easing the policy of providing products with deferred payment. Which implies an increase in sales, gross profit in combination with the achieved level of solvency, subject to further development. Based on the forecast balance, the ratio of funds grouped by degree of liquidity and to liabilities grouped by maturity is presented in Table 27.

Table 27 – Forecasted ratio of assets and liabilities of Georesurs LLC, in 2020 year, th. roubles

Degree of liquidity (urgency)	Assets		Liabilities	
	2019 year	2020 year	2019 year	2020 year
The most liquid (urgent)	7339	1648	4465	404
Marketable (short term)	3266	3266	4760	3069
Slowly Implemented (Long Term)	3266	3266	63	63
Difficult to implement (permanent liabilities)	12739	12739	14645	14624
2019: A1>L1; A2>L2; A3>L3; A4<L4. The balance is liquid.				

Based on the Table 27 we conclude that the proposed activities will contribute to improving the financial stability of the organization. Improving financial stability and the availability of liquid balance will provide the enterprise with a confident market position among competitors. In the form of a system of inequalities, this ratio takes the form: $A1 \geq L1$; $A2 \geq L2$; $A3 \geq L3$; $A4 \leq L4$.

The enterprise balance meets the liquidity conditions, that is, the degree to which the organization’s obligations are covered by its assets, the term for converting them into money corresponds to the maturity date of the obligations. After the implementation of the proposed measures, the balance sheet currency will decrease by 5773 thousand rubles. Including in the balance sections the following changes will occur. By reducing inventories by 82 thousand rubles and a decrease in cash by 5691 thousand rubles there is a decrease in the second section of the balance by 5773 thousand rubles.

Due to the decrease in retained earnings by 21 thousand rubles the third section of the balance sheet “Capital and reserves” will decrease. By reducing the level of “Borrowed funds” by 1691 thousand rubles and “Accounts payable” to 4061 thousand rubles short-term liabilities will decrease by 5752 thousand rubles.

All the calculated changes that have occurred positively affect the overall balance sheet structure.

According to the Table 27 and followed by Figure 14, it has been showed that the proposed measures contribute to the reduction of the most liquid assets and liabilities. There is also a decrease in short-term quickly realized liabilities. The implementation of the proposed measures helps to improve the balance sheet structure, which will make the balance sheet liquid. Let us compare the data in Figure 14.

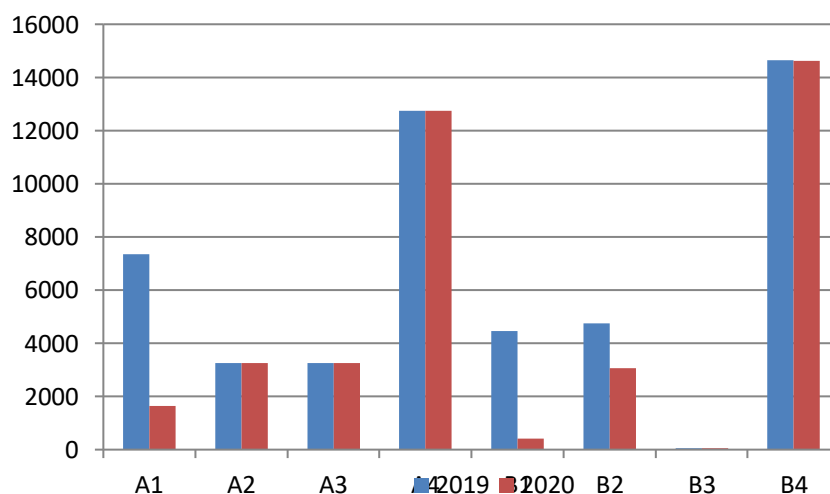


Figure 14 – Forecast ratio of assets and liabilities in 2020 year (based on the author’s research)

The liquidity of the balance sheet is defined as the degree to which the liabilities of the enterprise are covered by its assets, the period of converting of which into cash corresponds to the maturity of liabilities.

Equally achieved is the prevalence of quick funds over short-term liabilities of the company, both by reducing liabilities and by increasing assets.

We should also positively assess the dynamics of changes in the ratio. By the end of 2020, the liabilities of this group are 4.07 times less than assets. As a result of optimization, the excess was completely eliminated (Table 28).

Table 28 – Forecast assessment of financial ratios before and after the recommendations for LLC “Georesurs” (based on the author’s research)

Liquidity ratios	Normative value	End of 2019 year, fact	End of 2020 year, forecast	Coefficient change
Absolute liquidity ratio	$C > 0,2$	0,8	0,47	-0,33
Quick ratio	$C > 0,8$	0,8	1,41	+ 0,61
Current ratio	$C \geq 2$	0,86	2,36	+1,5
Total balance sheet liquidity	$C \geq 1$	0,73	2,23	+ 1,5
Coefficient of financial autonomy	$C \geq 0,5$	0,61	0,78	+0,17
Equity Ratio	$C \geq 0,1$	0,09	0,36	0,27

According to the Table 28, there is an increase in the quick ratio by 0.61 in 2020 year compared to the level of 2019 year. An increase in the current ratio is also noted. The total liquidity ratio of the balance sheet will increase by 1.5 and amount to 2.23 in 2020 year. The autonomy coefficient will increase in 2020 year by 0.17 compared to 2019 year and will be 0.78. The equity ratio will increase by 0.27 and in 2020 year will reach 0.36.

The Table 28 also shows that as a result of the proposed measures, not all ratios will reach the normative value, however, the financial situation of the enterprise will undoubtedly improve.

Consider then how the indicators of financial stability of the enterprise will change taking into account the implementation of the proposed measures (Figure 15).

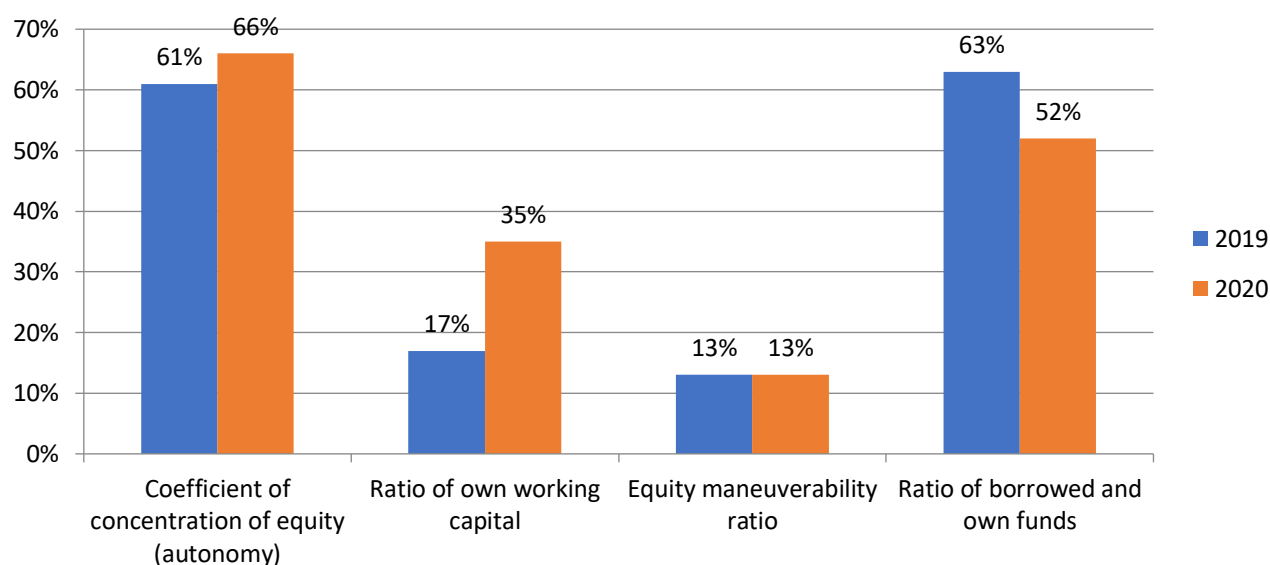


Figure 15 – Assessment of financial stability: fact and forecast (based on the author’s research)

As Figure 15 shows, almost all indicators (except ratio of borrowed and own funds which is declining on 11%), are increasing steadily in 2020 year in terms of coefficient of concentration of equity (autonomy), ratio of own working capital and equity manoeuvrability ratio of the enterprise.

Let us then consider the assessment based on Table 29.

Table 29 – Predicted values of indicators of financial stability, LLC “Georesurs” (based on the author’s research)

Name of indicator	2017 year	2018 year	2019 year	2020 year	Norm
Coefficient of concentration of equity (autonomy)	68	63	61	66	>50,0
Ratio of own working capital	29	11	17	35	>50,0
Equity maneuverability ratio	19	7	13	13	>50,0
Ratio of long-term borrowing	0	0	0	0	dynamics
Ratio of borrowed and own funds	47	58	63	52	<70,0

Let us then look at the Table 30 and Figure 16, presented the dynamics of changes in the estimated profitability of LLC “Georesurs”, expressed in percentage.

Table 30 – Dynamics of changes in the estimated profitability (based on the author’s research), %

Profitability indicators	2017 year	2018 year	2019 year	2020 year	Norm
Total profitability	18	18	21	21	>0
Return on sales	15	15	17	17	>0
Return on equity (ROE)	102	58	73	70	>0
Return on Assets (ROA)	69	38	45	49	>0
Return on investment	0	0	0	0	>0
Net Rate of Return (ROS)	12	12	14	14	>0

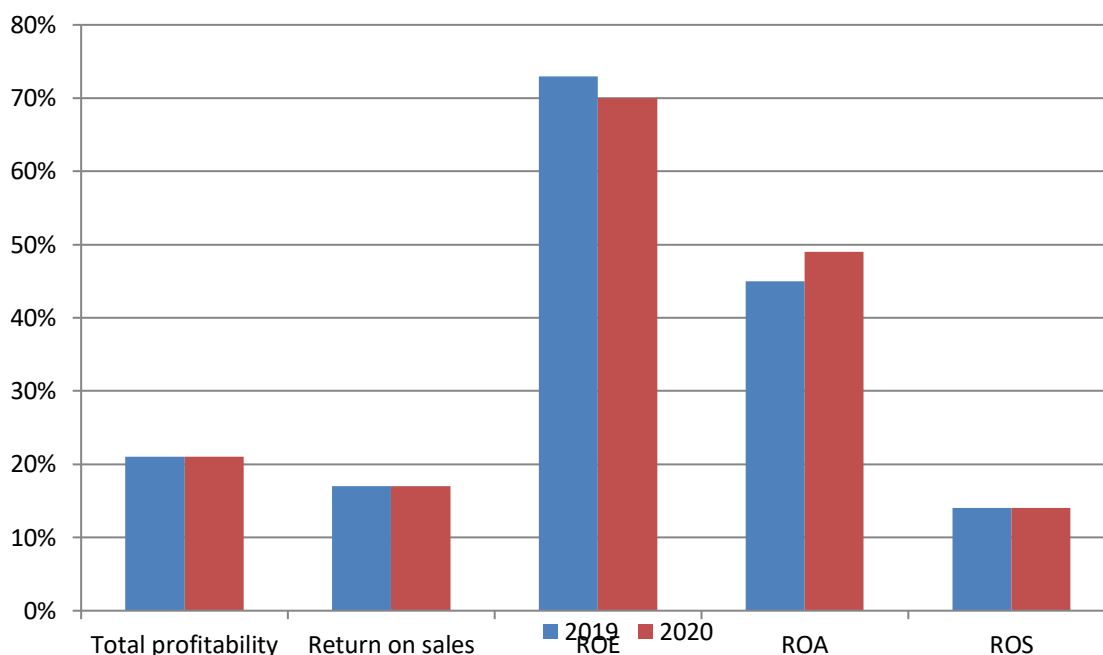


Figure 16 – Dynamics of changes in the estimated profitability of LLC “Georesurs” before and after the proposed activities (based on the author’s research)

As can be seen from the Table 30 and Figure 16, coefficient of autonomy and provision with own working capital increases in 2020 year, maneuverability coefficient is at the same level, and ratio of borrowed and own funds (which, however, are within the normal range) is slightly reduced.

After the implementation of the proposed measures, the return on assets in 2020 year will increase to 49%. Return on equity will decline, but still maintain a high level.

Effectiveness of the recommended actions can be fully assessed based on calculations of liquidity ratios within the forecast balance of LLC “Georesurs”. The absolute liquidity ratio is the most stringent criterion for the liquidity of the enterprise. The forecast value of 0.47 tells suppliers of raw materials for LLC “Georesurs” about the possibility of 47% repayment of obligations. The achieved value of this coefficient over the minimum acceptable value proves the effectiveness of the measures taken.

The quick liquidity ratio, also called the “acid test” – shows how much it will be possible to pay off current liabilities if the situation becomes really critical – it reaches 1.41, which corresponds to the norm, and even significantly exceeds it.

The estimated value of this indicator is positively evaluated and is especially important for banks in assessing the activities of the enterprise.

It is especially important to note the increase in current liquidity and equity. This ratio expresses the degree of coverage of current liabilities with current assets. Its excess over the normative value positions of LLC “Georesurs” as successfully functioning. In addition, since the mismatch of these coefficients with their normative values is considered the main condition for recognizing the balance sheet structure of the enterprise as unsatisfactory and the enterprise itself as insolvent, the achievement of their required standard value as a result of optimization is a significant positive result.

The coefficients of financial autonomy and debt indicate a high share of borrowed capital. This fact requires attention, although this ratio may be part of the enterprise strategy. These ratios characterize the financial stability of the organization. Moreover, poor financial stability can often be combined with good solvency. We can state the positive dynamics (albeit insignificant) of these indicators’ concomitant with the recommended actions to improve liquidity and solvency.

In general, there is an “exit” of LLC “Georesurs” to the standard values of liquidity indicators.

Regarding effectiveness of use of current assets of the organization, then there is a positive trend. In accordance with the forecast balance of LLC “Georesurs”, Table 31 shows the main indicators of efficiency of use and their expected change.

Table 31 – Comparison of the efficiency of use of current assets before and after the proposed measures for LLC “Georesurs” (based on the author’s research), th. roubles

Indicator name	Value		Deviation	
	2019 year	2020 year	Absolute	B
Revenue (net) thousand rubles	74529	74529	0	0
Cost of goods sold, thousand rubles	58617	58617	0	0
Current assets, thousand rubles	11194	5421	-5773	51,6
Turnover ratio	6,7	13,7	7,1	106,5
turnover period, days	54,1	26,2	-27,9	51,6
Accounts receivable, thousand rubles	3266	3266	0,0	0,0
Turnover ratio	22,8	22,8	0,0	0,0
turnover period, days	15,8	15,8	0,0	0,0
Stocks, thousand rubles	191	109	-82,0	42,9
Turnover ratio	306,9	537,8	230,9	75,2
Stock turnover period, days	1,2	0,7	-0,5	42,9
Accounts payable, thousand rubles	4465	404	-4061,0	91,0
Turnover ratio	16,7	184,5	167,8	1005,2
turnover period, days	21,6	2,0	-19,6	91,0
Operating cycle duration	16,9	16,4	-0,5	3,0
Financial cycle duration	-4,6	14,5	19,1	413,8

The positive dynamics are obvious: the operating and financial cycles were reduced, mainly due to an increase in the turnover ratio of receivables and some slowdown in the turnover of accounts payable.

We calculate how the proposed measures influenced the competitiveness of the enterprise; the calculated data are listed in Table 32.

Table 32 – Calculation of the integral indicator of competitiveness of LLC “Georesurs” before and after the implementation of measures for optimization (based on the author’s research)

Indicator	2019 year	2020 year	Deviation
IP - criterion for the effectiveness of internal production activities of the enterprise	1,871	2,11	0,239
FP - criterion of the financial position of the enterprise	0,6669	0,7	0,0331
EC - criterion for the effectiveness of the organization of marketing and promotion of goods	0,344	0,31	-0,034
CP - value of the criterion of product competitiveness	0,8	0,8	0
CCE - coefficient of enterprise competitiveness CCE=0,15 IP + 0,29 FP + 0,23 EC + 0,33 CP	0,817	0,8525	0,0355

The criterion for the effectiveness of internal production of an enterprise will increase by 0.239 and in 2020 year its level will be 2.11. The criterion of the financial position of the enterprise will increase by 0.0331 and amount to 0.7. The company's competitiveness coefficient will increase by 0.0355 in 2020 year, compared with the level of 2019 year.

The change in competitiveness indicators is presented in Figure 17.

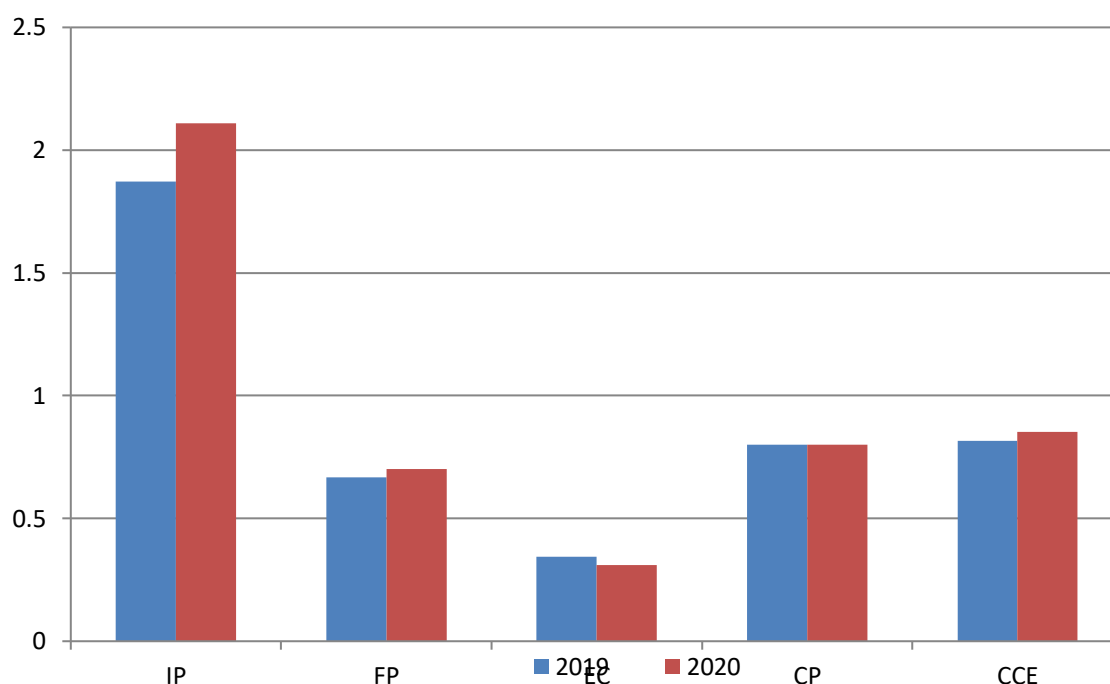


Figure 17 – Dynamics of the criterion of competitiveness of the enterprise (based on the author's research)

According to Table 32 and Figure 17, implementation of the proposed measures will increase competitiveness of the enterprise, mainly due to efficiency of internal production activities.

The measures taken for the rational use of stocks and cash will positively affect the financial condition of the enterprise and lead to the following positive changes:

- 1) bringing the ratio of groups of assets (in terms of liquidity) and groups of liabilities (in terms of maturity) to a more rational state;
- 2) increasing the values of the coefficients of urgent and current liquidity and bring their values to standard values. The compliance of the listed liquidity ratios

with the standards established for them characterizes LLC “Georesurs” as solvent and will allow the company to maintain its solvency at the proper level, both for the near term and for the long term.

It is also forecasted to improve all indicators of the financial stability of the enterprise, both in the long and short term, which will create favorable conditions for the further successful functioning of the enterprise in the market and maintain its high competitiveness.

CONCLUSION

Competitiveness is the most important characteristic of the economic activity of an enterprise. If the enterprise is competitive, it has an advantage over others in attracting investments, in obtaining loans, in selection of suppliers and qualified personnel. Finally, it does not conflict with the state and society, as pays timely taxes to the budget, contributions to social funds and wages (to workers and employees), guarantees loans to banks and the repayment of interest on them.

Competitiveness management implies a comprehensive approach, in assessing the state of the organization, using hidden and explicit sources to cover the obligations of the company, in taking measures to achieve stability. Possession of such a tactic is especially relevant for the development of an economic entity in a competitive environment in developing markets and the tense economic situation in the country and globally.

Business processes in the conditions of dynamically developing markets can be transformed into stable and successfully developing companies through a management system. The business process management system is a set of management functions aimed at achieving the dynamic development of the network, performing centralized or decentralized impact on the management objects in the context of each level and consists in managing: resources, tools, risks, evaluating effectiveness, configuration.

Summarising the research, we can distinguish the following characteristics of dynamically developing business processes:

- high growth rate of turnover (not less 20% for foreign and 30% for domestic companies) that are held for a long period of time (from 3 to 5 years);
- dynamically developing business activities account for a huge share of GDP growth;
- create the majority of new jobs;
- they bring the most demanded product to the market, as a rule, find holes from natural monopolists and create their own sales market on their basis;

- creativity of ideas;
- a tough financial perspective, manifested in the limitation of accounts payable (not more than 18% of the annual turnover), which is a serious competitive advantage during a crisis;
- adaptability and readiness for instant changes;
- lack of administrative resource and state non-interference in business;
- abandonment of all secondary functions and outsourcing them to other companies;
- transparency of financial policy.

In this paper, we analysed the external and internal strategic factors, assess the competitiveness of the enterprise in two directions: taking into account competing enterprises, and considering the financial component of the company itself. In comparison with competing enterprises, LLC “Georesurs” has a lower indicator. However, the level of competition is very tough, and LLC “Georesurs” has good chances to achieve a higher competitive level and improve its competitive position in the market.

An analysis was made of the property of LLC “Georesurs” and the sources of its formation. The balance sheet currency for 2017–2019 years increased by 5613 thousand rubles, or by 31%. In the structure of non-current assets in terms of indicators, we noted that fixed assets occupy the largest share. The share of fixed assets tended to decrease over the analyzed period from 46% to 38%. For the period 2018–2019 years, the share of fixed capital decreased by 5.4%, and the share of working capital, respectively, increased by 5.4%. The results of the analysis showed that the assets of the enterprise as a whole tended to grow. This was a positive trend for LLC “Georesurs”, although an uncharacteristic feature for an enterprise engaged in the production, wholesale and retail trade of meat products, in which money had been spent on the purchase of raw materials and production equipment.

Analyzing the structure of the liabilities side of the balance sheet, it should be noted that the share of capital and reserves tended to decrease from 49% to 42%,

which was evaluated negatively and indicated a move towards a decrease in the financial stability of the enterprise.

Insufficiency of own funds and an increase in the share of borrowed sources indicated a decrease in the financial independence of the enterprise and also affected financial stability in the direction of its weakening. Characterizing the liquidity of the balance sheet, it should be noted that in the period 2017–2019 years there was a lack of funds to cover short-term liabilities.

The good news was the increase in the share of net profit in 2019 year to 13.8% of total revenue.

The analysis revealed an unsatisfactory structure of the balance sheet of the enterprise and an unsatisfactory state of solvency. The share of borrowed capital at the time of calculation exceeded equity. Moreover, the structure of the borrowed capital itself consisted mainly of short-term liabilities. The division of assets and liabilities into liquidity and maturity groups according to the balance sheet for 2017–2019 years, allowed us to conclude that the company was not able to achieve absolute balance sheet liquidity over this period of time. This indicated an insufficient number of the most liquid assets at the disposal of LLC “Georesurs” to meet the basic condition of absolute liquidity.

An integral indicator of competitiveness was calculated, which had a positive trend. On the other hand, the analysis revealed the presence of unused reserves that could be used to further improve the financial condition, which in turn would positively affect the competitiveness of the company.

Hence, the measures taken for the rational use of stocks and cash of the enterprise will positively affect its financial condition and lead to the following positive changes:

- 1) bringing the ratio of groups of assets (in terms of liquidity) and groups of liabilities (in terms of maturity) to a more rational state;
- 2) increasing the values of the coefficients of urgent and current liquidity and bring their values to standard values. The compliance of the listed liquidity ratios with the standards established for them characterizes LLC “Georesurs” as solvent

and will allow the company to maintain its solvency at the proper level, both for the near term and for the long term.

In the context of Russian business, it is difficult to focus on the social and ethical concept of marketing. Although, using the example of LLC “Georesurs”, we can see some elements of the above-mentioned concept: use of naturally degradable components that are harmless to the human body; strict selection of suppliers of raw materials – a requirement for the supplied raw materials; feed, fats, convenience foods. All this seeks to expand the range of products and reduce its cost, which is not typical for social and ethical marketing.

Implementation of the proposed measures will increase competitiveness of the enterprise, mainly due to efficiency of internal production activities.

It is also forecasted to improve all indicators of the financial stability of the enterprise, both in the long and short term, which will create favorable conditions for the further successful functioning of the enterprise in the market and maintain its high competitiveness.

Based on the data obtained, a predictive calculation was performed. To optimize the balance, the amount of cash necessary for normal (continuous) management was determined and it was recommended to invest cash arising from the movement of flows in short-term financial investments in order to increase the possible profit of the organization.

The predicted positive effect of the proposed measures was the reduction to standard values of all liquidity ratios of LLC “Georesurs”, approaching the recommended value of the overall liquidity of the balance sheet, restoring normal solvency of the company and, in general, increasing the competitiveness of the enterprise.

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