

THE ESSENCE AND ROLE OF COMPETITION IN MARKET ECONOMY

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The article investigates theoretical aspects of competition and its role in the marketplace. The key concept that expresses the essence of the market economy is the concept of competition. The effectiveness of managing the economy largely depends on understanding the nature of competition, forms of its manifestation, methods of competition and factors that determine the readiness of the economy to such a struggle. In the face of a large number of different scientific approaches, particularly important is a study of the evolution of views on the competition, because in this way it is possible to systematize recommendations on the increasing of competitiveness as a separate economic entity and economy as a whole.

Particularly relevant in terms of intensification of globalization and integration processes is the study of competition as an economic category and study of ways to improve the competitiveness of enterprises.

The main purpose of this article is to define the basic theoretical aspects of competition in a market economy.

Characteristics of the market economic environment will be incomplete without a consideration of such a significant economic pattern as the competition. Market – is the organizational structure in which there is a certain order. The force, which ordered relationship between producers and consumers, is the competition.

In a market economy, the competition – is a struggle between the producers of goods and services for the best, economically favourable terms of production and sales of their product. This definition of competition prevailed in classical and neoclassical theory. These theories considered competition as an

independent behaviour of economic agents who sought to establish control in the market.

The competition is a key instrument for regulating the market economy and an important part of the market environment of an industrial enterprise. The result of the competition, on the one hand, is the aggravation of production and market relations, and on the other – the efficiency of economic activity, acceleration of NTP.

In the twentieth century, the definition of competition as behaviour is complemented by structural concept, the essence of which is not connected with the struggle but with an analysis of market structure, i.e. the conditions which prevail in it. In this case, the competition is not directly defined as a struggle. Definitions of model or structures of market, within which manifests itself a special competitive behaviour of economic agents, become the most important.

Competition dictates strict technological discipline, requires high quality products, modern design, ability to anticipate future needs, not just trade that made and still are in demand.

Three main approaches should be distinguished in the definition of "competition". The first defines competition as a part of the market mechanism, which allows balancing supply and demand. This approach is peculiar to the classical economic theory. The second approach defines competition as a criterion for determining the type of industry market; it is based on the modern theory of market morphology. Third one – defines competition as contentiousness, rivalry in any arena between different actors interested in achieving the same goals.