

## PROBLEMATIC ISSUES IN ENSURING THE COMPETITIVENESS OF INDUSTRIAL ENTERPRISES

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### Key words:

competitiveness, competitiveness of production, industrial enterprises, increase of competitiveness.

The article is devoted to the theoretical and methodological basis of the competitiveness of industrial enterprises. The author's definition of the concept "competitiveness of industrial enterprises" has been introduced. The goals and objectives for ensuring competitiveness have been highlighted. The problematic issues in ensuring the competitiveness of industrial enterprises have been identified. The factors of the external and internal competitive environment have been analysed. The competitiveness of domestic enterprises of the aircraft industry and prospects for their development have been analysed. The competitiveness of the products of JSC "Motor Sich" and the company's position in the world market have been evaluated. Certain actual financial condition of economic activity of the enterprise has been identified. The dynamics of exports of Zaporizhzhia's Enterprise have been shown. Specific proposals have been made to improve the competitiveness of industrial enterprises. The study reveals that the competitiveness of the enterprise potential should be considered an important strategic task. It has been proved that an important attribute of the market economy is competition, and the problem of increasing competitiveness concerns almost all aspects of society.

## ПРОБЛЕМНІ ПИТАННЯ ЗАБЕЗПЕЧЕННЯ КОНКУРЕНТОСПРОМОЖНОСТІ ПРОМИСЛОВИХ ПІДПРИЄМСТВ

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### Ключові слова:

конкурентоспроможність, конкурентоспроможність продукції, промислові підприємства, підвищення конкурентоспроможності.

У статті досліджено теоретико-методичні основи конкурентоспроможності промислових підприємств. Запроваджено авторське визначення сутності поняття «конкурентоспроможність промислових підприємств». Виокремлено мету та завдання забезпечення конкурентоспроможності. Визначено проблемні питання забезпечення конкурентоспроможності промислових підприємств. Проаналізовано фактори зовнішнього та внутрішнього середовищ конкурентоспроможності. Виконано аналіз конкурентоспроможності вітчизняних підприємств авіабудівної галузі та перспективи їх розвитку. Оцінено конкурентоспроможність продукції АТ «Мотор Січ» та позиції компанії на світовому ринку. Визначено фактичний фінансовий стан господарської діяльності підприємства. Наведено динаміку експорту продукції запорізького підприємства. Внесено конкретні пропозиції щодо підвищення конкурентоспроможності промислових підприємств. Під час дослідження визначено, що конкурентоспроможність потенціалу підприємства слід розглядати як важливе стратегічне завдання. Доведено, що важливим атрибутом ринкової економіки є конкуренція, а проблема підвищення конкурентоспроможності стосується практично всіх сторін життя суспільства.

### Statement of the problem

The problem of competitiveness is particularly important for enterprises operating in the context of globalization whose market share in today's world markets is not high enough.

Rapid changes in the competitiveness of individual firms and entire countries in world markets and the dynamic development of global relations are forcing governments

to actively address the issues of national competitiveness on a global scale.

Ukraine has low resource and investment potential levels. The solution of these problems requires improving the forms of state regulation of investment and innovation activities. The development of appropriate methodological tools to assess the effectiveness of organizational and economic measures of state regulation of this activity in the field is also important.

Therefore, it is necessary to consider the prerequisites for the formation and improvement of international competitiveness of domestic industrial enterprises of Ukraine.

#### **Analysis of recent studies and publications**

In the economic literature, the problems of competitiveness of enterprises of the industry have been examined in the works of such scientists as T.A. Zagornaya [1], D. Lukyanenko [2], A.I. Kotlyarova [3], V.I. Tsema [4], N. Dykan [8], Yu.A. Garachuk [9] and others. All of the above-mentioned authors analyse the theory of such scholars as F. Kotler, M. Porter and A. Thompson, and propose new approaches to the definition of the potential and competitiveness as well as the methodology of their calculation. This interest in the study of the competitiveness of enterprises is explained by the transition stage in which the domestic economy is located.

However, in the works of these authors, the study of the features of economic development in domestic enterprises in the current realities is not widely considered which confirms the need for further research in this direction.

#### **Objectives of the article**

The aim of the article is to assess the place of Ukrainian enterprises in the market and highlight the problematic factors that prevent the growth of competitiveness of domestic companies in the context of globalization and European integration.

#### **The main material of the research**

The problem of competitiveness is particularly important for enterprises operating in the context of globalization whose market share in today's world markets is not high enough.

The competitiveness is a generalizing assessment of the advantages of a business entity in terms of resource provision, satisfaction of consumer needs and requests at a certain point in time.

To ensure the economic development of the enterprise, it is necessary to introduce certain measures to improve the level of competitiveness. The increasing competitiveness is a variable process that requires adjustments to the strategic plan of the enterprise. Thus, it is necessary to develop strategies taking into account future consequences.

The main tasks in the sphere of increasing competitiveness are:

- reduction of tax impact;
- amendments to the legislation in the field of entrepreneurial activity;
- development of Antimonopoly legislation;
- ensuring the effective demand of the population;
- state support of newly established enterprises: creation of information on the use of new technologies, creation and research of promising markets;
- financial support of innovative activities of enterprises for creation new types of goods and services.

The competitiveness of the enterprise is evaluated by various methods, the choice of which depends on the purpose of the study. There are qualitative and quantitative methods [1].

The process of market globalization is significantly influenced by the development of information network. The presence of the world wide web increases the advantages of the enterprise, expands its capabilities, promotes access to the world market, reduces costs, makes it possible to quickly transmit information.

Thus, the search for ways to improve the competitiveness of the enterprise should be conducted simultaneously on several spectra of its activities where positions are the strongest or can become so when choosing the right strategic course.

Carrying out serious work on aviation programs, the company is on the path of diversification of production, exploring new opportunities and markets which are potentially able to provide the company with sustainable orders in the future. Nowadays, JSC "Motor Sich" offers industrial gas turbine drives of various capacities, mobile and block-transportable power plants and other ground-based equipment on the world and domestic markets. As you know, the company's development strategy should provide for competitive advantages in the long term.

The aviation industry plays an important role in the economy of Ukraine. One of the leading domestic enterprises of the aircraft construction market is the joint-stock company (JSC) "Motor Sich."

The analysis of financial and economic activities of JSC "Motor Sich" shows that there are a number of problems today. The main problems are the growing share of short-term liabilities in the structure of borrowed funds and external-annual increase in prices for resources. In general, the company is solvent and profitable, with a fairly stable financial position. In the structure of assets in 2015-2017, the main share accounted for current assets which indicated the formation of a sufficiently mobile asset structure and contributed to the acceleration of the turnover of assets of the enterprise. In the structure of liabilities within the period of 2015-2017 was observed that in 2016 there was the annual increase in the share of the company's liabilities and decrease in the share of equity capital [7].

Markets for products of JSC "Motor Sich" are divided according to regional characteristics: far abroad, CIS countries and Ukraine. In connection with the annual financial reports in 2014, the share of aircraft equipment and aircraft engine repair in sales amounted to 92.4%, and the share of exports in sales amounted to 93.8%. The dynamics of changes in the share of exports in sales for 2014-2017 are shown in Fig.1. It should be noted that in 2015 the share of exports increased by 0.7% compared to 2014. If we compare the indicators, we have a stable tendency to increase the share of exports. This means that the domestic aircraft engine market is unprofitable due to lack of funding, but the company is strengthening its position in foreign markets.

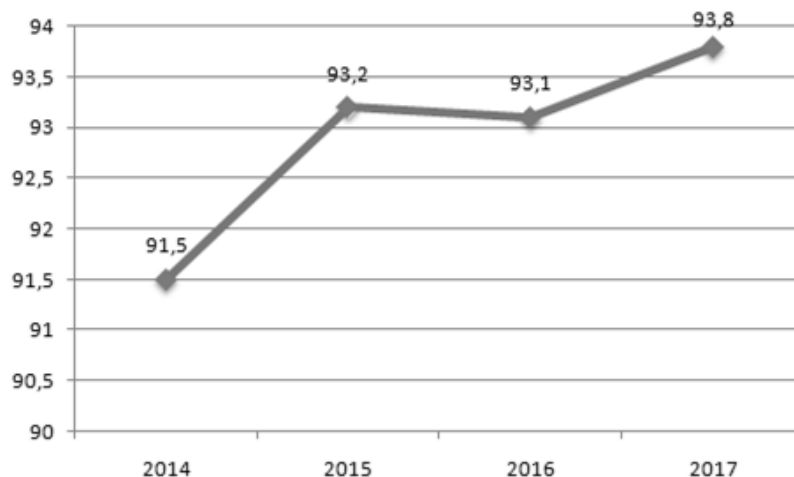


Fig 1. Dynamics of exports in sales for 2014-2017  
(built by the author according to the annual report of the enterprise [7])

In the context of global competition in the aircraft engine market JSC “Motor Sich” has to deal with such giants of the aviation industry as “General Electric” (USA), “Pratt & Whitney” (Canada), Snecma/Turbomeca (France), “BMW Rolls-Royce” (Germany / England) which receive state financial and legal support, both for research purposes and in the promotion of new products on the market [3].

In Ukraine, in recent years, there is virtually no state support for projects to create new aircraft and to introduce modern technologies. All innovative works — development and introduction in production of new perspective types of aircraft engines, introduction of new technologies, modernization of production — JSC “Motor Sich” carries out at the expense of own funds and Bank credits.

The quality and reliability of products manufactured by the company are confirmed by its successful operation in more than 100 countries. In the world market JSC “Motor Sich” has established itself as an enterprise producing products with high technical characteristics on a certified production base. Production and repair of aircraft engines are certified by the aviation Register of the Interstate Aviation Committee (IAC) and the state Department of aviation transport of Ukraine.

The problem of competitiveness of the aircraft manufacturing enterprise investigated in this article has specifics which are defined by the fact that aircraft construction is one of the main export-oriented industrial complexes of the country and a source of active receipt of currency. JSC “Motor Sich” is one of the largest in the world and the only enterprise in Ukraine on development, production, test, maintenance in operation and repair of aircraft engines for planes and helicopters, and also industrial gas turbine installations on their base. As a part of JSC “Motor Sich”, eight specialized machine-building plants have been located in the territory of Ukraine. Nowadays, the company confidently occupies a worthy place in the global community of aircraft manufacturers.

High barriers for establishing in the Western market force the company to accept the requirements of the

international community. JSC “Motor Sich” should pay attention to the development of the innovative sector, which will greatly help in reducing costs, improving the production process, attracting new customers, as well as increasing the market share.

It is determined now that the main problem of production at JSC “Motor-Sich” is the increase in prices for resources, including energy as well as dependence on Russian components. In addition, the organization of production of JSC under license in foreign countries can provide a positive result.

Having carried out the deep analysis of competitiveness of production of the JSC “Motor Sich” Enterprise, we propose the following:

- reduce material consumption through the use of innovative machining motors, taking into account the hardness of the metal and the permissible parameters for cutting, forging, pressing, milling;
- reduce energy and labour intensity through the use of CNC machines and laser heat treatment;
- reduce capital intensity through the use of service areas, which will ensure the growth of labour intensity indicators;
- improvement of corporate strategy of enterprise management to ensure efficient operation;
- increase the share of products in high demand.

Prospects for further research are to deepen the existing and develop new practical provisions on the ways of development of domestic aircraft manufacturers in a changing environment.

### Conclusions

Consequently, nowadays Ukraine is one of the least competitive countries that’s why it becomes obvious that the problem of improving the competitiveness of both domestic goods and services, and the economy in general comes to the fore. The problems of increasing the international competitiveness of Ukrainian industrial enterprises, first of all, relate to two aspects: firstly, the available resources, investment potential and their effective use, and secondly, the effective system of state regulation of investment flows.

The problem of competitiveness of the aircraft manufacturing enterprise investigated in this article has specifics which are defined by the fact that aircraft construction is one of the main export-oriented industrial complexes of the country and the source of active receipt of currency. The implementation of the proposed directions of increasing the level of competitiveness in

the activities of JSC "Motor Sich" will provide an increase in production in the domestic and foreign markets, the development of cost-effective high-tech industries and modernization of the production base, which will directly affect the development of the potential of the enterprise in general.

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