

COMPETITIVENESS ANALYSIS OF INDUSTRIAL ENTERPRISES OF UKRAINE IN THE SECURITY SYSTEM

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Abstract. *The relevance of the study is accompanied by the issue of the development of the industrial sector is also a relevant and topical issue both in a conceptual and practical sense. The issue of organizing a competitive industrial management policy, both theoretically and at the level of practical implementation, is a topical issue in all countries of the world. Given the existence of the global crisis, the industrial sector also experienced significant negative consequences, which forced the leading countries of the world to look for ways to overcome these crisis phenomena. Today, Ukrainian industrial enterprises are faced with significant internal and external pressure, which could not but affect their efficiency and competitiveness. The most critical problem faced by Ukrainian enterprises is, of course, the impact of active hostilities throughout Ukraine. The purpose of the article is to analyze the state of competition in the industry market. The main object of research is industrial enterprises and their economic and financial activities, as one of the key factors of competitiveness. To analyze the activities of industrial enterprises in Ukraine in the context of studying their competitiveness, the following methods were applied: induction and deduction, comparison and systematization - when characterizing the activities of industrial enterprises in Ukraine; synthesis and analysis - to determine the content of the main aspects of the activities of industrial enterprises in Ukraine; morphological analysis - to clarify the essence of the modern understanding of the competitiveness of industrial enterprises in Ukraine; abstract-logical - for theoretical generalizations and conclusions of the study. Based on the results of the study, key aspects of the financial and economic activities of industrial enterprises in Ukraine were analyzed.*

Keywords: *industry, management policy, industrial enterprises, economic security.*

JEL Classification: *D41, L60*

Formulas: *0; fig.: 4; tabl.: 0; bibl.: 10*

Introduction. When we speak in the thesis about economic security, market competition, and complex socio-economic systems, all of this is very relevant for the industrial sector. The industrial sector in the world today is considered the technically most advanced sector of the economy and, as the basis of industrialization, occupies a leading position in ensuring the economic security of the state. Here we have power generation, engineering, fuel, processing, etc. Thus, it is impossible not to talk about the importance of competitive advantages. Without them, an industrial enterprise cannot survive.

Literature review. Analyzing the scientific and practical literature, one should generalize the opinion of scientists [1-3] that the competitiveness of an enterprise is one of the most important categories of a market economy. It characterizes the possibility and efficiency of adaptation of the enterprise to the conditions of a competitive environment. In the market system of management, competitiveness as an economic category is the key one, reflecting the economic, scientific, technical, production, organizational, managerial, marketing, and other capabilities of the enterprise.

Most scientists [4-6] note that the main ways to increase the competitiveness of an enterprise are to search for competitive advantages and key success factors and formulate a specific market (competitive) strategy aimed at increasing competitiveness in given conditions.

We agree with the opinion of individual scientists [7-9], however, that the effective development and implementation of innovations create unique competitive advantages for an enterprise and helps to increase its competitiveness. At the present stage of economic development, the main sign of the competitiveness of an enterprise is its innovative orientation, that is, the ability of an enterprise as a system for continuous innovative development, renewal, and improvement of activities based on the introduction of innovations.

Considering the scientific achievement of the leading scientists of the world, it should be noted that today the problems of competition in the Ukrainian industrial market in the post-COVID environment are still relevant.

Aims. The purpose of the article is to analyze the state of competition in the industry market. The main object of research is industrial enterprises and their economic and financial activities, as one of the key factors of competitiveness.

Methods. To analyze the activities of industrial enterprises in Ukraine in the context of studying their competitiveness, the following methods were applied: induction and deduction, comparison and systematization - when characterizing the activities of industrial enterprises in Ukraine; synthesis and analysis - to determine the content of the main aspects of the activities of industrial enterprises in Ukraine; morphological analysis - to clarify the essence of the modern understanding of the competitiveness of industrial enterprises in Ukraine; abstract-logical - for theoretical generalizations and conclusions of the study.

Results. If we consider the features of the activity of industrial enterprises in the United States, it should be noted that government policy is aimed more at maintaining the technological superiority of production compared to others at the international level. Thus, the US government sends significant financial subsidies and tax breaks to industrial enterprises that allocate significant amounts of their own financial, human, and other types of resources to maintain their own technological superiority, innovation, and research work. Thus, one of the forms of such incentives is the official permission of the state to withdraw funds and assets of industrial enterprises to countries with cheap labor in order to improve the competitiveness of an industrial enterprise. At the same time, an important condition is that production facilities that are considered high-tech must remain in the United States in order to maintain the status of an innovation center and ensure a certain level of dependence on international partners.

In the last two decades in the United States in the field of industrial enterprise management, trends in the implementation of cluster policy have intensified. Thus, the US government is forming a powerful sphere of support for innovative enterprises in the context of the territorial formation of innovative infrastructure, venture funds, centers, and advisory organizations, which form grant programs for industrial

companies that have a significant share of innovation in their structure and focus on the development of high-tech goods.

Thus, if we consider the experience of the United States in the field of managing the activities and competitiveness of industry, it should be noted that, unlike Germany, where the policy of the state apparatus is more aimed at ensuring the functioning of a free market environment and non-intervention, the United States is characterized by a significant level of intervention in activities of industrial enterprises, while stimulating the production of unique goods and services for the rapid capture of sales markets and the formation of a stable dependence of the American manufacturer.

The issue of ensuring competitiveness as the main factor in ensuring the optimal and sustainable functioning of industrial enterprises is also relevant for France.

Since the beginning of the 1940s, upon the adoption of relevant legal acts on the creation of a decentralization policy of the central state regulator concerning industrial enterprises, the issue of providing equal opportunities for the functioning and ensuring the competitiveness of industrial enterprises throughout France has become particularly acute. Such a sharp change in the policy of the central regulator was because with the manifestations of industrial revolutions, the vast majority of the workforce, and, accordingly, industrial enterprises were concentrated in large cities. The results of this policy manifested themselves quite quickly, creating more or less equal conditions for geographically equal space for the functioning of industrial enterprises in the context of competitiveness.

In general, the European industrial market is one of the most powerful in the world and is constantly developing every year. The leaders of European industrial enterprises have already clearly understood the importance of safety during operations, and have realized the fact that without safety mechanisms it is impossible to achieve a high level of competitiveness. Ukraine, as the center of Europe and a country that has chosen the European course, also does not lag behind them and seeks to introduce socio-economic activities as safely as possible and form the so-called “healthy” competition in the industrial market.

We will conduct a detailed analysis of the state of the industrial sector of Ukraine over the past five years. Of course, at the time of this writing, we have a very difficult situation in Ukraine caused by military actions.

Today, Ukrainian industrial enterprises suffer from a frivolous attitude to their own system of economic security and simply cannot effectively use security mechanisms to increase the level of competitiveness.

If we talk about the state of active, operating industrial enterprises in Ukraine, then the market is not very saturated, but there is a positive growth trend compared to 2016. This has a positive effect on the development of competition in the market, but this is still not enough, and we can talk about low market saturation (Fig. 1).

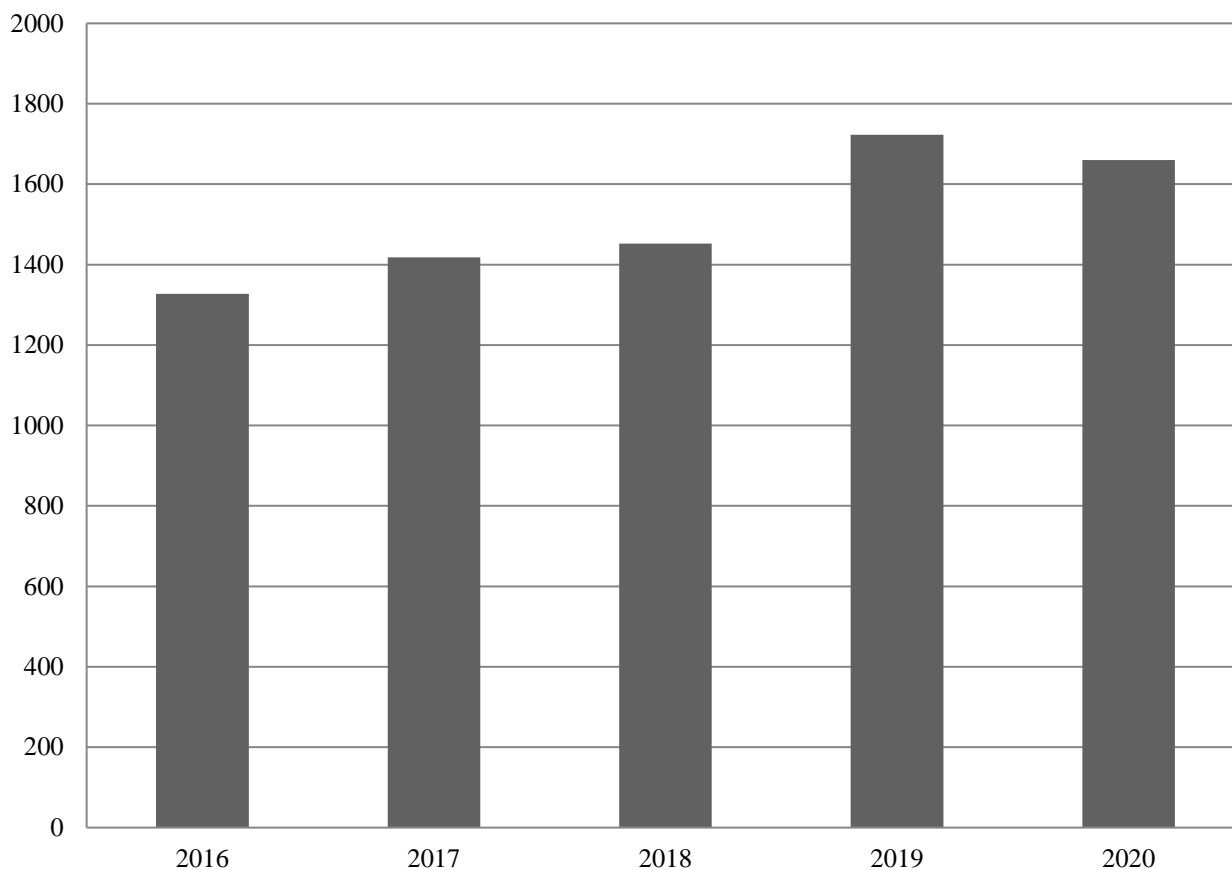


Figure 1. The total number of operating industrial enterprises on the territory of Ukraine for 2016-2020, units

Sources: formed by the author based on [10]

Starting in 2020, the global crisis phenomena began to significantly affect the economies and security of many countries. Ukraine occupies a special place in this since our economy and security rarely complain about the already very long-standing, by temporary standards, the global crisis of 2008. We have enough problems without it. Take into account at least the situation with military actions in the East in 2014 (and as of now the full-scale invasion of the Russian Federation). In addition, we are adding the global impact of COVID-19, which has forced the establishment of several rules and requirements within the framework of security that could not be ignored. Thus, the competition in the market also changed. All this is very sensitive for the industrial sector of the Ukrainian economy. Analyzing the dynamics of the volumes of industrial products sold, we see positive growth dynamics in Fig. 2, however, such an increase can be explained by inflationary processes, which will affect the volumes in UAH equivalent.

Investment plays an important role in the development of digitalization and competitive advantages. Today, the dynamics of capital investment in the industrial sector show good results as of the end of 2019, but by the end of 2020, such volumes decreased. This indicates a decrease in the activity of investing in assets and other investments. We can talk about the low investment attractiveness of this sector (Fig. 3).

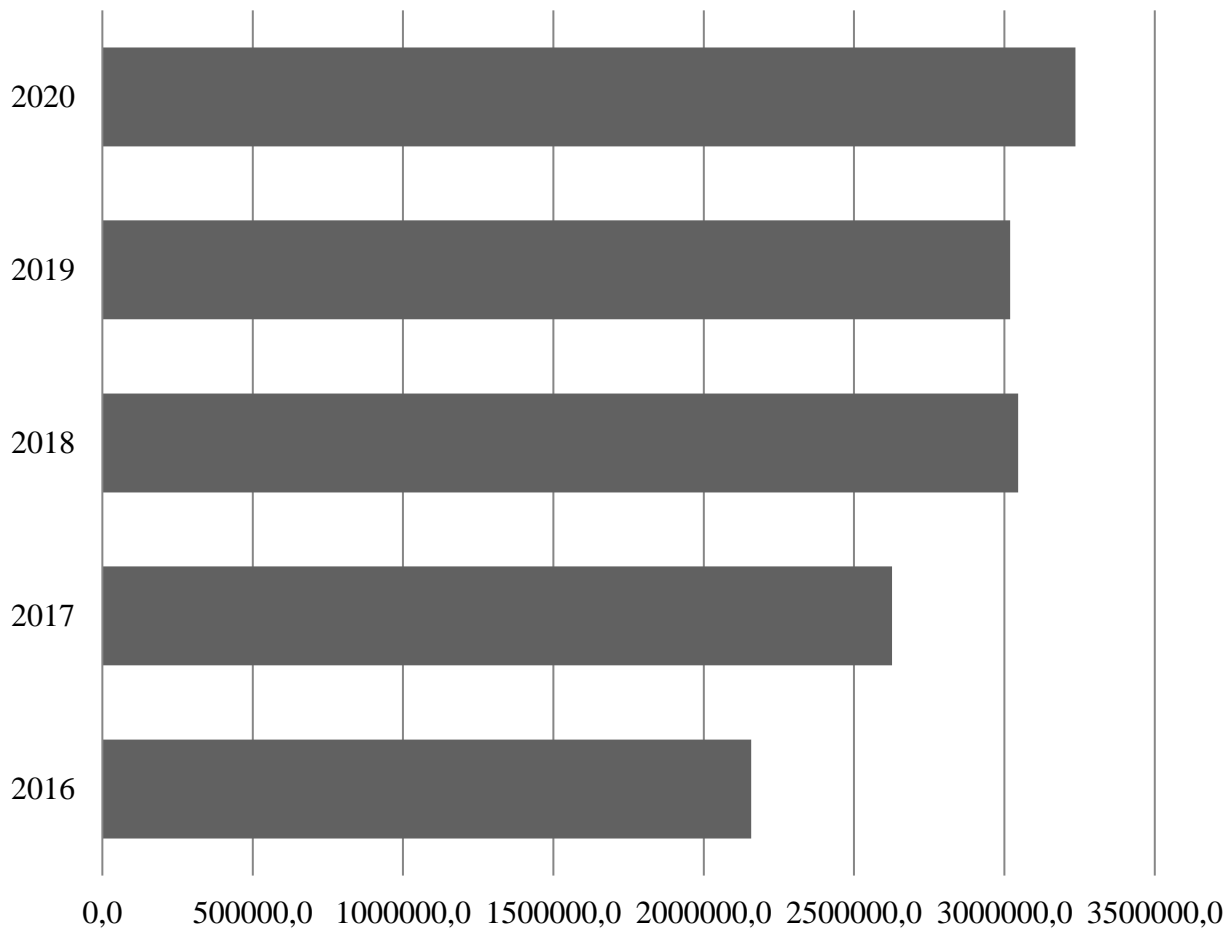


Figure 2. Dynamics of the volume of sales of industrial products by Ukrainian enterprises in 2016–2020, UAH million

Sources: formed by the author based on [10]

If we are talking about profitability, then there are a number of problems that arise as a result of the pandemic, inefficient financial management, and the lack of state support for industrial enterprises in Ukraine. As a result, a number of problems have formed the so-called "microcracks" in the industrial sector of the economy and now we have an increase in unprofitability (Fig. 4).

In general, the problem of the unprofitability of industrial enterprises in Ukraine is not new and is constantly becoming the scientific focus of many studies. There are enough solutions offered, but not all of them can be effective in practice or are not needed in the new conditions of development. Recent years have been very fast-paced, and therefore some of the solutions to this problem did not take into account new developments. For example, if we are talking about events before 2019, then no one could think of a pandemic and ways to ensure physical security on a massive scale for enterprises. Today, any manifestation of unprofitability directly or indirectly points to security problems and ineffective application of security mechanisms. A separate issue is a fact that low profitability and negative financial results in no way contribute to a high level of competitiveness.

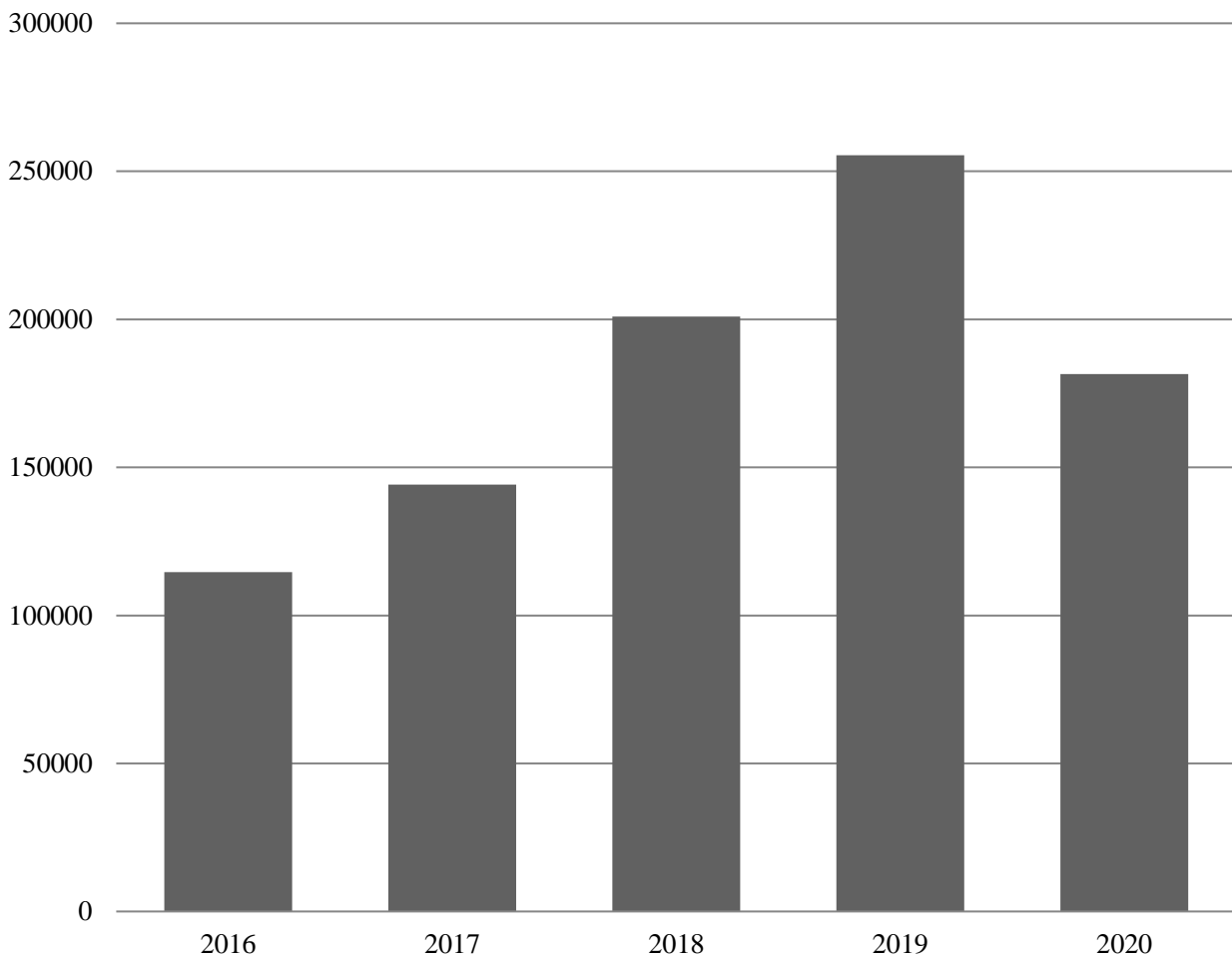


Figure 3. Dynamics of the volume of capital investments in the industrial sector of Ukraine for 2016-2020, UAH million

Sources: formed by the author based on [10]

Of course, when it comes to competitiveness, innovation activity plays an important role. Innovation creates powerful competitive advantages that allow you to occupy a high place in the market. In Ukraine, the innovative activity of industrial enterprises is low due to the lack of state support. On average, we can only talk about every 10 innovatively active companies.

Thus, based on the results of the study, we can say that there are a number of problems in the industrial sector of the economy of Ukraine and it is difficult to assert an effective security policy for domestic industrial enterprises and the correct application of security mechanisms by them for protection and effective development.

Discussions. Discussing the results of the study, it should be noted that today there are a number of problems associated with assessing one's own level of competitiveness in an enterprise. For the industrial sector, this is doubly important because of the sensitivity of this type of economic activity to safety aspects. The system of economic security of industrial enterprises, today, is the most sensitive to the external and internal environment. It is possible to introduce security and implement security mechanisms only with an effective response to new challenges, risks, and threats to the operating environment.

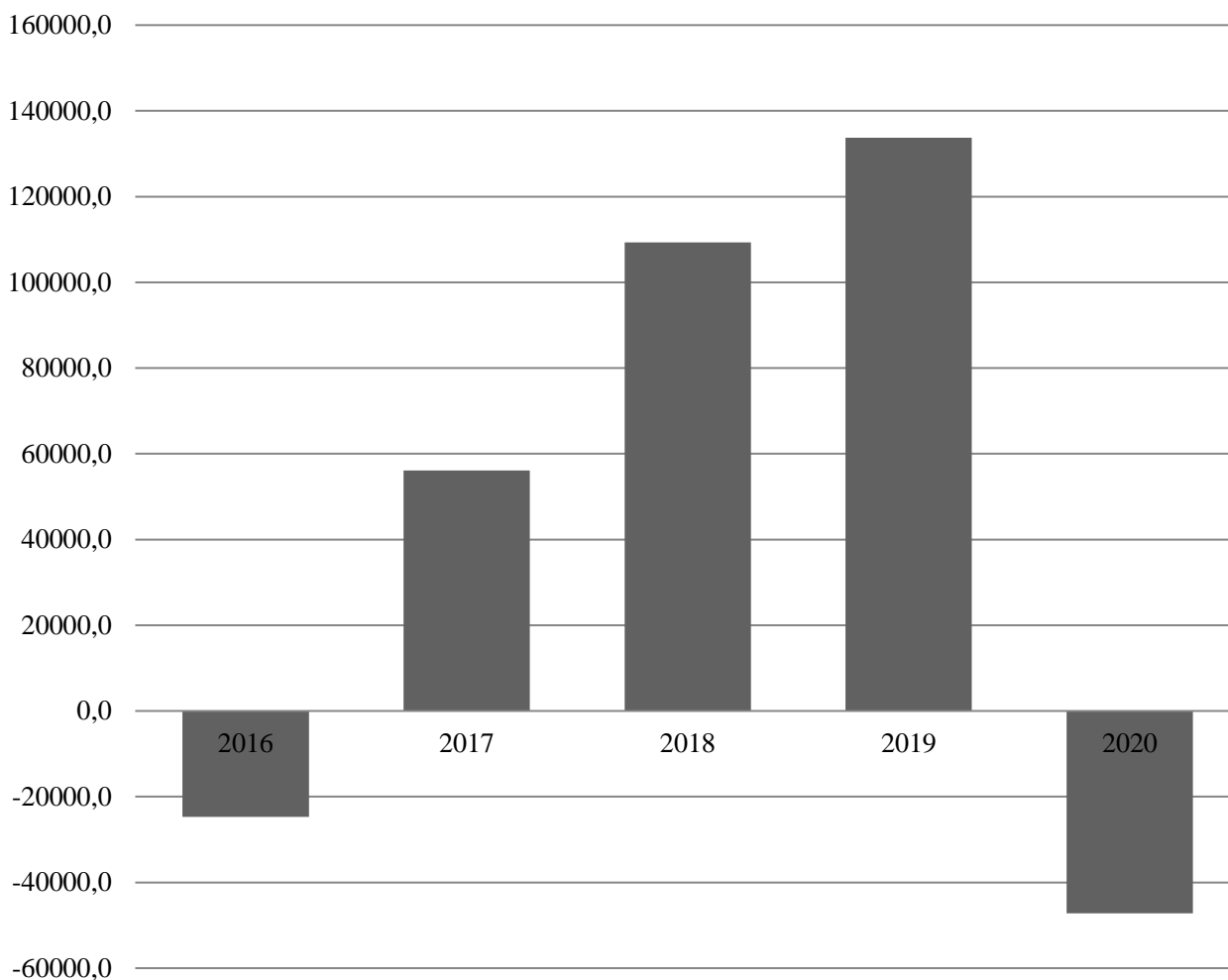


Figure 4. Dynamics of the volume of net profit (loss) of industrial enterprises of Ukraine for 2016-2020, UAH million

Sources: formed by the author based on [10]

Conclusions. In modern conditions of globalization and integration of entrepreneurial activity into the international market space, the most universal and at the same time critical criterion for the optimal functioning and development of an enterprise is its competitiveness. An analysis of the state of activity of industrial enterprises was carried out. The features of the competitive environment of the industrial sector in the world and Ukraine are considered. The key parameters of the environment for the functioning of industrial enterprises in Ukraine are analyzed. The main performance indicators and problems are considered.

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