

COMPLEX EVALUATION OF COMPETITIVENESS OF AGRICULTURAL ENTERPRISES

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Abstract. The objective of the article is to determine a complex evaluation of competitiveness of agricultural enterprises. It is established that the analysis of the activity of an enterprise regarding increasing its competitiveness involves an assessment of the achieved level of utilization of available potential (organizational, technical, production and technological, social, economic, etc.). Modern world and local methods for determining competitiveness at different levels have been considered. The competitiveness factors against the state level have been analyzed and it is stated that in relation to economic entities and agricultural enterprises, in particular for the objective evaluation of competitiveness, the evaluation should be supplemented by such indicators as profitability of production, labor productivity, conformity of prices to solvent demand of the population. The well-known approaches to evaluating competitiveness of agricultural products have been analyzed, and it has been revealed that they do not take into account such indicators as climatic conditions, location, labor, material, energy capacity, etc.

It has been stated about the necessity to take into account economic and technical parameters (they determine the profile of a product in terms of its falling under a certain type or class of products), including constructive ones that reflect technical and engineering solutions inherent in a certain type of products, as well as regulatory parameters (compliance with standards, norms, rules). It has been stated that the competitiveness of new goods should be outstripping. The need to consider the strategy of competitors has been identified. The basic directions of formation of a system for ensuring necessary competitiveness of production has been proposed. The complex evaluation model of competitiveness of the enterprise has been suggested. It is stated that the more successful the tasks of social, ecological and economic nature are solved in a specific organizational and production entity, the more stable its position is in the internal and external consumer markets and the higher its competitiveness is.

Keywords: competitiveness, agricultural enterprises, indicators, profitability of production, labor productivity, demand.

JEL Classification: Q10, Q13, Q19

Formulas: 0; **fig.:** 1; **tabl.:** 0; **bibl.:** 9

Introduction. Those enterprises where the production and marketing of goods and the effective management of finances are organized best are competitive. Financial and economic indicators of the enterprise's activities, such as fund return, profitability of sales, autonomy ratio, current liquidity ratio, working capital ratio, return on assets, profitability of production, rate of production capacity utilization, as well as investment prospects, manufacturability and environmental friendliness of production, what share of the market held by the enterprise, etc. may act as indicators of competitiveness of the enterprise.

Many agricultural enterprises produce a wide range of products, which differ in terms of economic indicators of costs, results, and thus with the return on resources over the same calendar period, especially in dynamics. Therefore, the economic performance of each enterprise is averaged and derives from the production rates of specific products. In such circumstances, along with the

traditional concept of “competitiveness of the goods” it is necessary to define the related, and, at the same time, separate concept of “competitiveness of the agricultural enterprise”.

The competitiveness of the agricultural enterprise can be assessed by benchmarking the specific positions of several enterprises functioning in the same market by such parameters as technology, which ensures the capacity of equipment, knowledge and practical experience of staff, management system, marketing policy, image and communication, etc.

Its ability to adapt to changing competition conditions characterizes the competitiveness of the agricultural enterprise as well. It is a complex of intellectual, technical and economic as well as organizational and economic characteristics that drive success of the enterprise in the market, implementation of re-engineering and formation of a managerial influence on competitiveness.

One important point is to be noted, that is the competitiveness is not an inherent quality of the agricultural enterprise. This means that its competitiveness can only be identified or assessed only within a group of regional agricultural enterprises belonging to the same industry or enterprises that produce goods-substitutes. Competitiveness can only be demonstrated by a benchmarking of these firms between themselves, both nationwide and globally.

Literature review. The problems of management of agricultural competitiveness and the methodology of its quantitative evaluation are analysed in the works of G.M. Brashevskaya [1], A.G. Dementieva [2], I. Kononenko [3], O.O. Krasnorutsky [4], Sh.Sh. Magomedov [5], I.A. Minakov, N.I. Voronova [6], V.M. Goncharov, Yu.N. Dorechynsky, V.Yu. Pripoetn [8], M.A. Hvesik [9] and others.

Aims. The objective of the article is to determine a comprehensive evaluation of competitiveness of the agricultural enterprises.

Methods. The author used the methods of static and logical comparison, systematization and generalization, which made it possible to achieve the goal of the study.

Results. Our research has made it possible to establish that the analysis of the enterprise’s activity aimed at increase of its competitiveness involves an evaluation of the achieved level of utilization of available potential (organizational, technical, production and technological, social, economic, etc.). It should be noted that the evaluation of competitiveness of the enterprise has much in common with the analysis of its economic activity, namely, with the indicators that characterize the stability of its position. However, a comprehensive evaluation of competitiveness of the enterprise requires consideration of systematic interaction of factors, including not only economic, but also social and environmental ones. In view of this the objective necessity to identify potential in the economic, social and environmental areas of increasing the efficiency of the organization, it is advisable to develop a methodology for assessing the competitiveness of the enterprise.

So far, a number of techniques for determining competitiveness at different levels have been tested in the world and domestic practice. For example, the competitiveness of the state involves the evaluation that is based on ten factors. Each of them, in their turn, is calculated on a number of criteria (340 criteria in total). 280 out of them are based on the UN, the OECD, the IMF and the IBRD statistics, and 60 are expertly defined. This indicates a very thorough approach of international organizations to assessing competitiveness of specifically a state [2, 8, 9].

The first factor is the “economic dynamism.” It includes such criteria as the rate of economic development, the stability of the local currency, the level of industrial production, the volume of production of basic goods per capita, etc.

The second factor is the “efficiency of industrial production.” It is determined by calculating direct and indirect labor costs, including costs related to material incentives, staff retraining, absenteeism, etc.

The third factor is the “market dynamism.” It combines the indicators that characterize the amount of consumer spending per capita, after sales service of goods, quality level, design. It is considered that the more intense activities of the companies directly related to sales are, the higher the competitiveness is.

The fourth factor is the “development of the financial system.” It includes indicators that make it possible to get an overview of the financial state of the country, activities of commercial and non-commercial banks, the stock market, etc.

The fifth factor is the “labor resources.” These include the size and growth rate of the population and the workforce, the unemployment rate, the staff qualification, the level of production training, the availability of vocational training, etc.

The sixth factor is the “role of the state”. These are the indicators that reflect the taxation level, the share of the public sector in the national income of the country, the content of economic policy, the level and type of state support, etc.

The seventh factor is the “resources and infrastructure.” It combines the indicators that characterize the availability and use of resources, infrastructure development, etc.

The eighth factor is the “level of business development.” It includes indicators, characterizes the possibility of business development, such as the percentage of economically active population engaged in small and medium-sized businesses, the creation of favorable conditions for their carrying out, etc.

The ninth factor is the “the country's policy towards innovations.” It is evaluated by such criteria as the percentage of state-funding for R&D in GDP, the availability of legislative framework for innovations in sectors of the national economy, the share of high-tech products in the total industrial production of the country, and so on.

The tenth factor is the “social and political situation.” It includes the indicators that determine the social and political situation and prospects for its development.

It should be noted that the system of the mentioned factors for assessing competitiveness in relation to the state level is quite acceptable. However, in relation to economic entities and agricultural enterprises, in particular for objective evaluation, it should be supplemented by such indicators as profitability of production, labor productivity, conformity of prices to the solvent demand of the population, etc.

Well-known approaches to evaluating competitiveness of products include the following, namely [1, 3, 4, 7]:

- selection and analysis of the market for the sale of goods, works, services;
- analysis of competitors for the production of similar products;
- selection and justification of the most competitive analog product as a basis for comparison;
- identification of the required parameter groups to be evaluated;
- establishment of a set of single indicators for the respective parameter groups;
- selection of calculation methods, definition and analysis of aggregated indicators by product groups;
- calculation of the integral indicator of competitiveness of the goods, of the enterprise;
- development of the enterprise's commodity policy on production of the goods for a specific market, export, development of measures for increasing the competitiveness or discontinuing (withdrawing them from production) of goods.

We have found that the approaches to assessing the competitiveness of enterprises operating in different spheres of production should be complemented by indicators that take into account the specifics and features of the respective sectors of the economy. For example, when it comes to agriculture, these are soil and climatic conditions, location, labor, material and energy capacity, etc.

Based on the cost of production, as well as on the income required for profitable operation, the enterprise determines the selling price, which ensures the target production efficiency. However, this economic indicator, in all its importance, does not fully reveal the essence of the production of competitive products. Therefore, for an objective evaluation of its competitiveness, along with economic parameters technical ones are used too (based on clustering products into a particular type or class of goods). Also, for these purposes constructive parameters are utilized that reflect the technical and engineering solutions inherent in this type of products, as well as regulatory parameters (i.e., compliance with standards, rules, norms). These include the parameters of reliability, safety, durability, consumer value, etc. Regulatory parameters include ergonomic ones (like hygienic, physiological, psychological, etc.), which show the conformity of the product with the properties of the human body.

It should be taken into account that as soon as it becomes available in the market any product begins to lose its competitiveness in one way or another. This process can be slowed down, but it cannot be stopped. Therefore, the competitiveness of new products must be outstripping. Special attention should be paid to improving the quality of the product and reducing the cost of consumption. In order to achieve an effective comprehensive evaluation of competitiveness of the enterprise, it is necessary to consider the strategy of competitors in the following main directions including:

- identification of the main factors that shape the competitiveness of the proposed goods;
- the level of pre-sales training of other companies that are competitors, which determines the ability to anticipate consumer requests (advertising, sales promotion);
- the practice of other companies that are competitors regarding the names (trademarks of goods);
- the product concept that takes into account the attractive aspects of the packaging of other companies that are competitors;
- after-sale service level of competitors in both the warranty and post warranty period;
- use of the distribution network (local, corporate);
- the practice of flows of goods at competing enterprises, types of transport, volumes of stocks, distribution and types of warehouses, etc.

It is necessary to receive answers to the following questions:

- what requests of the buyer are satisfied by the product;
- to what extent the product performs its functions in comparison with products of competitors;
- how the buyer will use the product;
- what specific requirements of the market are and how well the product meets them;
- the product should be sold in combination with others or separately;
- which sales method is the most effective in this market;
- whether there are “bottlenecks” in the promotion of goods from the manufacturer to the consumer;
- what is to be done to eliminate delays.

Based on all factors, it is advisable to create a system to ensure the necessary competitiveness of products, covering the following areas:

- improvement of the system of staff training and professional development;
- improvement of technical and technological level of production, a product line expansion;
- organization of effective work of quality groups, creation of social conditions for work quality;
- creation and implementation of quality and certification management system;

- formation and implementation of the resource-saving strategy at all levels, which ensures reduction of resource consumption per unit of output [3, 4, 6].

All the said indicators are applicable to agricultural enterprises. However, they do not fully take into account the specifics of agricultural production, the effectiveness of which largely depends on the formed natural, economic, environmental and social conditions of their operations in combination with others, which determine the development of economic entities and the formation of the required level of production of competitive products (Fig. 1).

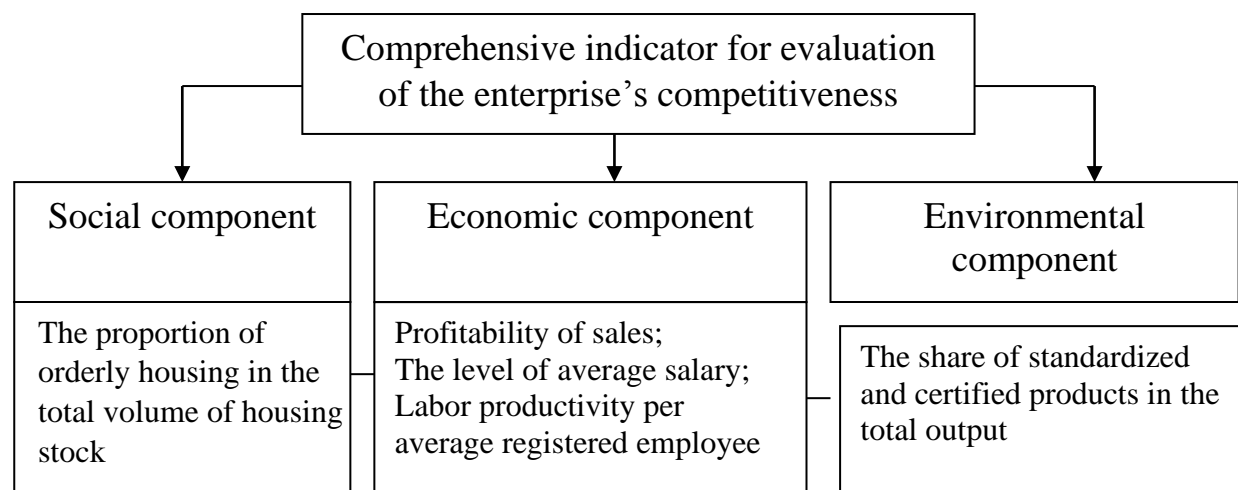


Figure 1. Model of complex evaluation of the enterprise's competitiveness

Source: development by author

Discussion. The results of the study show that the more successful the tasks of social, ecological and economic nature are solved in a particular organizational and production structure, the more stable its position is in the domestic and foreign consumer markets and the higher its competitiveness is. Such enterprises are located in all regions of Ukraine, and they usually operate on a completed cycle, i.e., they produce agricultural raw materials, process them and enter the market with a wide range of high value-added products. This approach ensures a high level of economic efficiency and allows them to solve social and environmental problems on this basis.

Conclusions. The developed method of complex evaluation of competitiveness of the enterprise includes accounting of economic, social and environmental components. The selection of evaluation indicators for each component (when it comes to the economic component it is profitability of sales, the level of average salary and labor productivity per average registered employee; when it comes to the environmental component it is the share of standardized and certified products in the total output; regarding the social component it is the proportion of orderly housing in the total volume of housing stock) has been explained and reasoned. The implementation of the model is intended to determine the real potential of increasing competitiveness of the

enterprise not only taking into account the economic component, but also equally important social and environmental ones.

The novelty of the method boils down to proposing the system of evaluation indicators, which determine the accounting of economic, social and environmental parameters of competitiveness for evaluating competitiveness of the enterprise. The result of the assessment allows to determine the position of the company in relation to its competitors, identify competitive advantages and potentials in the economic, environmental and social directions of strengthening its competitiveness.

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