

ALFRED NOBEL UNIVERSITY
DEPARTMENT OF THE GLOBAL ECONOMICS

Master's Thesis

*Directions for increasing the competitiveness of Ukrainian goods and services
in the world market*

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Specialty: 292 International economic relations

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The Master's Thesis
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1. Title

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-generate ways of increasing competitiveness of Ukrainian goods and services

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- explore the theoretical basis of competitiveness

-analyze statistical data of Ukraine's competitiveness

-generate ways of increasing competitiveness of Ukrainian products and services

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3	Chapter 3	20.12.21	18.12.21
4	The whole paper	10.01.21	25.12.21

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Summary

Mashkova D. Directions for increasing the competitiveness of Ukrainian goods and services in the world market

The international competitiveness of Ukraine in the global economy was examined. The work's goal is to examine Ukraine's competitiveness in the global economy. The concept of macroeconomic and institutional elements affecting Ukraine's competitiveness is presented. It has been established that a strong state with an established and developed market and industry structure, high commercial activity of entrepreneurs, qualified professionals, and advanced scientific capacity is the primary requirement for obtaining a high degree of competitiveness for a country. The characteristics of the Ukrainian economy and its role in the worldwide global environment have been defined based on an analysis of global competitiveness ratings. The macroeconomic and institutional factors that are boosting Ukraine's global competitiveness have been revealed. It was discovered that political instability and technological backwardness are linked to Ukraine's declining competitiveness in international rankings. As a result, one of the most significant objectives of the Ukrainian government is to find measures to improve the country's competitiveness in the global economy. In order for the national economy to reach a new level of development and international competitiveness, it was proposed that the issue of "digital divide" and unequal Internet access be addressed, as well as economic transformation and the effective use of the country's innovative development potential.

Keywords: competitiveness; economic development; international markets; international business; globalization; competitiveness ranking.

АНОТАЦІЯ

Машикова Д.О. Напрями підвищення конкурентоспроможності українських товарів і послуг на світовому ринку.

Досліджена міжнародна конкурентоспроможність України в глобальній економіці. Метою роботи є дослідження конкурентоспроможності України в глобальній економіці. Представлена концепція макроекономічних і інституціональних елементів, що впливають на конкурентоспроможність України. Встановлено, що сильна держава з ринковою і галузевою структурою, що склалася і розвиненою, високою комерційною активністю підприємців, кваліфікованими фахівцями, розвиненим науковим потенціалом є головною умовою отримання високої міри конкурентоспроможності країни. Характеристики української економіки і її роль у світовому глобальному середовищі визначені на основі аналізу рейтингу глобальної конкурентоспроможності. Виявлені макроекономічні інституціональні чинники, сприяючі підвищенню глобальної конкурентоспроможності України. Виявлено, що політична нестабільність і технологічна відсталість пов'язані зі зниженням конкурентоспроможності України в міжнародних рейтингах. В результаті одного з найважливіших завдань українського уряду являється пошук заходів по підвищенню конкурентоспроможності країни у світовій економіці. Для того, щоб національна економіка вийшла на новий рівень розвитку і міжнародної конкурентоспроможності, було запропоновано розв'язати проблему "цифрової нерівності" і нерівного доступу до Інтернету, а також провести економічну трансформацію і ефективно використати потенціал інноваційного розвитку країни.

Ключові слова: конкурентоспроможність; економічний розвиток; міжнародні ринки; міжнародний бізнес; глобалізація; рейтинг конкурентоспроможності.

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INTRODUCTION

The purpose of this study is to study the essence of enterprise competitiveness, analyze the problems of national manufacturers functioning in the domestic and foreign markets, study of competitiveness of Ukrainian enterprises as a set of factors capable of providing the supply of goods and services produced under the conditions of using the latest technologies, free and fair market, growing incomes of the population and the definition of methods to improve their competitive position. The competitiveness of the national economy in the modern world is largely determined by the ability of industrial production to innovate and modernize. Ukrainian industry in terms of technical and technological base, and in terms of sectoral structure that does not meet modern requirements. This situation contributes to further structural degradation of the Ukrainian economy and may subsequently lead to the consolidation of its technical backwardness, the redistribution of an increasing share of income in favor of foreign economies, the reduction of living standards of the people and the emergence of a threat to the country's security. In this regard, the growth of competitiveness of Ukrainian industry is the key task of economic revival, its transition to a state of sustainable progressive development.

The aim of this paper is to generate ways of increasing competitiveness of Ukrainian production.

The objectives of this paper are:

- explore the theoretical basis of competitiveness
- analyze competitive environment and Ukrainian indicators in international economy
- to outline main problems
- develop steps that are needed to be taken in order to improve competitiveness of Ukrainian products and services

The object of research is competitiveness in the world market, while the subject of research is possible ways of increasing competitiveness of Ukrainian production.

The methodological basis for the study was scientific papers of the specialist in the sphere, reports of domestic relevant entities and articles from national publications, as well as statistical data to reach reliable and realistic results.

Currently, Ukraine is faced with the task of finding its place in the global economy, its architecture, to ensure its competitiveness and improve the socio-economic living standards of the population. The paper was tested at “Трансформація економічних систем та інститутів у нових геостратегічних реаліях: XXXI Міжнародна науково-практична конференція молодих вчених і студентів: тези доповідей, Дніпро, 30 листопада – 2 грудня 2021 р.”

SECTION 1: THEORETICAL BASIS OF COMPETITIVENESS AND COMPETITIVE ADVANTAGE.

1.1 Competition and enterprise.

Nowadays the problem of competitiveness occupies a central place in the economic policy of the state. Creation of advantages over competitors becomes a strategic direction of activity of the state and state bodies in the sphere of providing competitiveness of the national economy.

A special importance in the national economy is acquired by competitiveness of the enterprise as the basic link of economy. The problem of increase of competitiveness thus concerns all levels of its hierarchy: goods and services, branch, enterprise, region and country as a whole.

The theme of increase of competitiveness of the enterprises is actual and significant, as efficiency of competitiveness of the enterprise is a basis of competitiveness of the national economy of each country.

Against the background of the international openness of developed economies and the consequent globalization of economic relations, there is practically no government that has not declared increasing competitiveness as one of the main objectives of its economic policy. The United States did so with the creation of the Presidential Commission on Competitiveness in 1985, and then the Council on Competitiveness Policy in 1986 (Review of findings of the President's Commission on Industrial Competitiveness, 1985). There is practically no developed country that has not set up special commissions to analyze the state of competitiveness of its economy and look for ways to improve it. The key factor in the increase of competitiveness of today's business is the correct choice of own business competitive strategy.

Increase of competitiveness is a long-term consecutive process of search and realization of administrative decisions in all spheres of its activity, carried out systematically, according to the chosen strategy of long-term development,

taking into account changes in the external environment and condition of funds of the enterprise, and making appropriate corrections.

The basis of the market economy is the concept of competition as the main driving force for the evolution of the relationships of the subjects functioning in this environment. The most successful participant of such competition is the one who is able to withstand competition on domestic and foreign markets.

Competition arises in the case, if on one and the same market there are sold a lot of goods, similar in their consumer properties. The essence of competition is to improve or maintain the position of the enterprise in the market, which is achieved by differentiating the goods supplied by the enterprise from its competitors both in terms of the degree of compliance with a particular customer need and the cost of satisfying it.

Competition is capable of causing the expansion of production and reducing the price of a product to a level consistent with the cost of production.

However, this does not limit the positive effect of competition on the economy of the enterprise and its efficiency. Competition makes enterprises perceive scientific and technical achievements, apply effective techniques and technology, modern methods of organization of production and improve the quality of manufactured products to the fullest extent.

At the same time competitiveness of goods is not only high quality and technical level, it is also a skillful maneuvering in the market space and in time, and the main thing - the maximum account of requirements and possibilities of concrete groups of buyers. And the objective estimation of all aspects of competitiveness level can be developed only on the basis of criteria, which the consumer, for whom this product is intended, operates. The reasons for competitiveness of goods should be searched for in competitive advantages of its separate characteristics, which are a consequence of more effective management of the process of development, realization and operation of the offered production. Product competitiveness and the competitiveness of the

manufacturing firm relate to each other as part and whole. The ability of companies to compete in a certain commodity market directly depends on the competitiveness of the product, as well as a set of economic methods of management of the firm's activity, which influence the results of competitive struggle.

Therefore, at the present stage, for success in competition, the theoretical aspects of the concept of competition and the disclosure of its economic essence as the basis of a market economy and the driving force of the development of economic entities acquire great importance.

Competition is an important mode of control in the market system. The market mechanism of supply and demand brings the wishes of consumers to the producing enterprise, and the latter, in turn, satisfies them independently. Competition determines the expansion of production and lowering of prices to the level of production costs. In addition, competition forces enterprises as fully as possible to accept scientific and technological advances, apply effective techniques, technologies, and modern methods of organization of production and labor.

In the most general sense, competitiveness refers to the ability to stay ahead of others, using their advantages in achieving their goals.

According to the classification of the market structure, we can distinguish four main types:

1) Perfect competition. There are a large number of independent companies on the market, none of which controls a considerable share of the market and cannot influence the established market prices with its policy. Goods of different companies are quite similar in their properties and quality. New companies can enter such a market quite easily (relatively low entry costs);

2) Monopolistic competition. There are many sellers and buyers on the market. Sellers offer similar, but not identical goods.

Companies have limited ability to influence market prices. In conditions of monopolistic competition, the marketing strategy of the firm is based, as a rule, on segmentation of the market. New firms enter the market at relatively low cost. Monopolistic competition is quite frequent;

3) Oligopolistic competition. The market is divided between several large companies. Marketing programs of the company strongly depend on the actions of competitors. It is difficult for new companies to enter the market (technologies used by competitors are protected by patents and are kept strictly secret) and associated with high costs (for creation of production, product development, etc.);

4) Pure monopoly. There is only one company on the market. It independently determines the prices of its goods and services and fully controls the market. There are no goods or services, which consumers can easily replace goods and services of the monopoly company. It is almost impossible or extremely difficult for other companies to enter the market. As a rule, the state seeks to prevent the formation of monopolies, using special anti monopoly legislation for this purpose. (Toppr-Guides,2018)

Competitiveness has such an important feature, as specificity of manifestation, i.e. its attachment to specific conditions and, first of all, to a specific market and a certain period of time.

The possibility to influence competitiveness, i.e. to manage it as one of the most important parameters of strategic development is one of the most important features of competitiveness.

In the presence of competitive conjuncture enterprises use the largest economic combination of resources for the production of a certain volume of production, because it corresponds to their own benefit. Considering the peculiarities of the behavior of modern enterprises, in a competitive environment, it is necessary to point out the differences in the behavior of small and large enterprises. How competitive are small enterprises? Can they stand

up to the big ones? Small enterprises are characterized by many positive qualities that large enterprises are deprived of.

What are the disadvantages for large enterprises? First of all, they can't keep track of all their products and all their markets, and they see any change as a risk. Big companies spend too much and too fast. They do not perceive the initiators of new ideas, especially if those ideas involve significant risk. In contrast to large companies, small firms operate according to a "demand-driven" principle. It is vital for them to offer something new to the market, which is why most of the new products appear in small firms. Small firms are able to think ahead. They have a relatively low cost of production at the initial stage of the innovation process. Well-known flexibility peculiar to small businesses. In case of failure in one sphere of activity they can quickly switch to another, more profitable one. Small firms are "tolerant to chaos" and know how to work with contributions of capital to risky enterprises. Here the investor knows that one success can pay off many failures at once. A large firm is constantly developing measures for the improvement of the innovation process, because one failure can seriously undermine its entire well-being. Processes of formation of market relations and competitive environment are closely interconnected. (Slater and Narver, 1994) Their interrelation is expressed in the system of firm's competitiveness provision. Since the period of Ukraine's orientation to the market principle of economy, industrial enterprises have faced the need to independently organize the marketing of their products and provide production with necessary resources. (Izmaylov et al., 2017) The analysis of competitiveness of the firm on the market allows to determine the factors that affect the attitude of buyers to the firm and its products and as a result - the change of the firm's market. All factors of competitiveness can be divided into external and internal (Fig 1.)

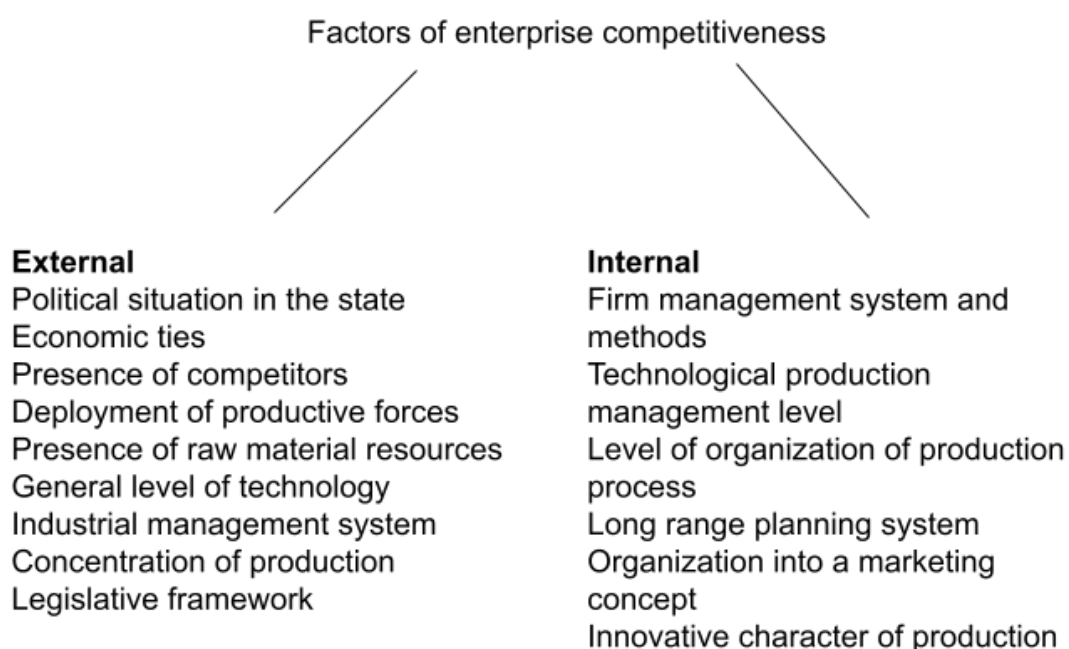


Fig. 1.1 External and internal factors of enterprises competitiveness

Source: (Душенькина, 2009)

The real opportunities to ensure the competitiveness of the enterprise are in the sphere of factors of the internal environment. However, it is possible to influence these factors with different degrees of efficiency.

At the same time, in order to ensure the competitiveness of the enterprise, while creating modern technical and technological conditions of production, it is also necessary to pay attention to the formation of an adequate management system at the enterprise. Therefore, among internal factors of competitiveness of the organization the most important role is played by the level of quality of management of the organization, i.e. the level of preparation of managers, ability to conduct business operations correctly in conditions of constant changes in the market.

Factors of competitiveness are those phenomena and processes of industrial and economic activities of the enterprise and socioeconomic life of society, which causes changes in the absolute and relative value of the costs of production, and as a result, changes in the level of competitiveness of the

enterprise. Factors can change the competitiveness of the enterprise in the direction of increasing and in the direction of decreasing.

Factors are what contribute to the transformation of opportunities into reality. The factors determine the means and ways of use of reserves of competitiveness. (Varaksina,2018)

Firms attach great importance to the analysis of their strengths and weaknesses to assess the real opportunities in the competition and development of measures and means by which the firm could improve competitiveness and ensure its success. In the process of market research to assess the competitiveness, quantitative indicators are used, which show the degree of stability of the firm, the ability to produce products in optimal volumes and which are in demand, and in addition, provide the firm to obtain the intended stable results. The spectrum of these indicators should cover: the efficiency of production and sales activities; efficiency of capital investment, the reserve to reduce production costs. In addition, the important value is an analysis of the cost of circulation (the amount of loss-making costs to profit) in order to identify non-productive costs in the whole system of moving goods from seller to buyer.

Qualitative assessment allows the use of such parameters:

- the need for capital investment actual and prospective, as a whole, and on individual products.
- range of products, its volume and cost;
- a set of market and other segments for each type of product;
- the need for funds to generate demand and stimulate sales of products;
- a list of activities and techniques that the company can provide advantages in the market;
- innovation policy (updating products based on their own development);
- compliance with the agreement on the relative timing of delivery.

To organizational activities that enhance the level of competitiveness of the enterprise include:

- ensuring the priority of products;
- change in product quality and its technical parameters in order to meet the needs of consumers and its competitive demands;
- identification of the benefits of goods in comparison with substitutes;
- identification of shortcomings of peer products, which are produced by competitors;
- study activities of competitors with satisfaction of similar products;
- identification and use of pricing factors to improve the competitiveness of the product.
- product differentiation, which provides a relatively stable consumer advantage, which are given to certain types of goods, which are interchangeable;
- influence directly on the consumer, by artificial restriction of the entry into the market of new goods, advertising, providing monetary or commodity credit.

1.2 Theoretical bases of enterprise efficiency development.

Determination of enterprise efficiency is a complex and multifaceted problem, which requires new solutions, causing discussion and disagreement in its tactics. Efficiency assessment should be particularly important in connection with the formation of management systems facilities that operate in new conditions. Social component of efficiency reflects the magnitude and degree of satisfaction of the needs of the population. It allows for a certain radiation of the population on the quality, timing and variety of services provided, which can be evaluated as in absolute terms, and in comparison with other standards. Economic efficiency of the enterprise allows not only savings, but also the optimal proportions between the three directions of funds: on material support and repair work, on wages of workers, on management. (Szentes,2005)

The concept of economic efficiency also includes labor motivation of employees, which is expressed by the ratio of the number of employees and the

fund of labor remuneration. Indicators that characterize the effectiveness of services, have a close relationship and are caused by the interests of all their participants. But this relationship is not always direct and unambiguous. The system of measuring the effectiveness of enterprises is quite complex, because it reflects, on the one hand, the level of achievement of its interests and goals, and on the other hand, its contribution to the achievement of the goals of the social system of a higher level. To assess the effectiveness of the enterprise is not enough to be limited to economic indicators. Economic efficiency must be supplemented by indicators of social efficiency in the form of a system of evaluation of enterprise consumers, which attach respectively to the norms of standards of service and the actual amount of budgetary funds.

A multi-criteria assessment can be used, which is based on different approaches to measuring the effectiveness of social systems similar to the enterprise.

It uses seven main criteria:

1. Efficiency.
2. Economy.
3. Quality.
4. Profitability.
5. Productivity.
6. Working conditions.
7. Implementation of innovations.

Undoubtedly, they have a rather generalized character and do not take into account all the complexity of the enterprise as a management object, the assessment of which should be supplemented by indicators of social significance. To assess the functioning of enterprises, the listed criteria can be grouped and made more specific taking into account the features of this system. There are four basic ones, which reflect the main directions of efficiency assessment:

1. goals, strategy, policy and values - compatibility of enterprise development plans with the territory development strategy and long-term social development plans; compliance of enterprise work with the needs of market economy and, first of all, such evaluation indicators as competitiveness, dynamism.

2. finances - rational use of financial resources of the territory; costs of management and production in comparison with their competitors.

3. production - assessment of technological changes; assessment of the potential of the production personnel; assessment of the needs in production capacity.

4. consumer outcome and ecology - the satisfaction of public demand; safety; service culture; aesthetic requirements. Methods allow us to see all the advantages and disadvantages, and ensure that none of the criteria to be taken into account, will not be forgotten, even if there are difficulties in starting the evaluation.

To assess the effectiveness of the enterprise is not enough to be limited to economic indicators. Economic efficiency must be supplemented by social efficiency indicators in the form of a system of evaluation of enterprise consumers, which attach respectively to the norms of standards of service and the actual amount of budgetary funds. Methodical approaches to the analysis of economics of functioning of enterprise presuppose separate consideration of directions of use of budgetary means, sources of increase of incomes. This approach interprets economic efficiency more broadly in comparison with the generally accepted (as the ratio of resources intended for consumption, to the actual used), but taking into account the budgetary nature of enterprise financing. (Leonard Chibuzor,2020)

1.3 Complex system of enterprise competitiveness management: the essence and components

To improve the competitiveness of retailers, it is necessary to choose a strategy of competitive advantage and to ensure its implementation. It is reasonable to realize the chosen strategy of competitive advantage through the development and use of an integrated competitiveness management system based on marketing, which will provide the implementation of operational marketing, that is, the active aspect of integrated marketing (analytical aspect is provided by the implementation of strategic marketing and completes the choice of competitive advantage strategy). (Gluck et al., 2014)

An integrated system of enterprise competitiveness management on the basis of marketing of retail trade enterprises is a set of interrelated elements of marketing activities that provide long-term competitive advantage of enterprises through the satisfaction of specific needs and demands of consumers. (“developing of the trade enterprise’ competitive strategy”, 2020)

The system of marketing research in the branch of competitiveness of the enterprise is the second component of the system. This system gives the possibility to investigate problems of competitiveness of the enterprise, to determine their conditionality in the past and the future, and to create preconditions for making correct and grounded decisions in the branch of increase of competitiveness of the enterprise on the basis of marketing. The purpose of research is maintenance of the enterprises with reliable and authentic information on the market, the competitive environment, competitors, structure and dynamics of demand, tastes and desires of consumers for formation of commodity assortment that meets requirements of the market and satisfies demand better than the goods of the competitor. System of marketing research in the branch of competitiveness of the enterprise includes such stages: formation of information support; analysis of competitive environment;

research of competitors; diagnostics of competitiveness of the enterprise. Systems that serve the information market, that is, information marketing, abroad is given great importance, and the effectiveness of enterprise management, as a rule, is identified with the effectiveness of information management. Timely formation of the necessary information support predetermines the quality of the other elements of the system of marketing research competitiveness of enterprises: analysis of the competitive environment, competitor research, diagnosis of competitiveness of enterprises. (Farhshatova et al., 2019)

1.4 Analysis of competitive environment

Today, in the fierce competition it is no longer enough to use only widely used tools of financial analysis, the priority becomes the need to think and act proactively, regularly conducting a strategic (qualitative) analysis of the external and internal environment of the company, which focuses on two groups of factors, firstly, the conditions in the industry and competition; secondly, competitiveness, market position, strengths and weaknesses of the company .

The analysis of the company's activities in the context of the external environment should cover such areas as the economy, politics, technology, international position and socio-cultural behavior ("distant environment"). It should also include an analysis of the general situation and competitive conditions in the industry ("inner environment") (CFI, 2018). The purpose of such analysis is to evaluate the key factors of the external environment:

1. The main economic characteristics of the industry.
2. Forms and intensity of competition.
3. Reasons for changes in the structure of competition and external environment.
4. Strong and weak competitors.
5. Possible actions of competitors.
6. Key factors of success in competition.

7. General attractiveness of the industry and profitability prospects factors of attractiveness and unattractiveness, specific problems of the industry, favorable and unfavorable prospects for profit.

During the analysis the company's position is examined according to the following parameters:

- the effectiveness of the company's current strategy;
- Strengths, weaknesses, opportunities and threats;
- competitiveness of the company by prices and costs;
- Sustainability of competitive position of the company in comparison with main competitors;
- strategic problems of the company.

To answer these questions, the main tool used is SWOT-analysis - identifying strengths and weaknesses of the company, as well as opportunities and threats emanating from its immediate environment (external environment): strengths - strengths of the organization, weaknesses - disadvantages of the organization, opportunities - environmental factors, the use of which will create market advantages, threats - factors that could potentially worsen the position of the organization in the market. (Corporate Finance Institute,2017)

Assessment of strengths and weaknesses of the enterprise in relation to opportunities and threats in the external environment determines the presence of strategic prospects and opportunities for their implementation.

It is clear that in this case there will be obstacles (threats), which must be overcome.

The methodology of the SWOT matrix is to divide the environment into two parts - external environment and internal (the company itself), and then the events in each of these parts - into favorable and unfavorable. (Fig.1.2)

The strengths and weaknesses of the firm, as well as market opportunities and threats, are entered into the appropriate cells of the matrix:

A firm's strengths are what it excels at or some feature that provides it with additional opportunities. Strengths may lie in the experience you have, access to unique resources, availability of advanced technology and modern equipment, highly qualified personnel, high quality of products, brand awareness, etc;

Weaknesses of the enterprise - this is the absence of some important factor for the functioning of the enterprise or something that has not yet been implemented in comparison with other companies, putting you at a disadvantage. As an example of weaknesses can be too narrow range of products, poor reputation of the company on the market, lack of funding, low level of service, etc;

market threats - events, the occurrence of which could have an adverse effect. Examples of market threats: the entry into the market of new competitors, increased taxes, changes in customer tastes, declining birth rate, etc;

Market opportunities - favorable circumstances that the enterprise can use to gain an advantage. It should also be noted that opportunities in terms of SWOT-analysis are not all favorable circumstances that exist in the market, but only those that can be used by a particular enterprise. An important point: the same factor for different enterprises can be both a threat and an opportunity. (Fig.1.2)

SWOT ANALYSIS

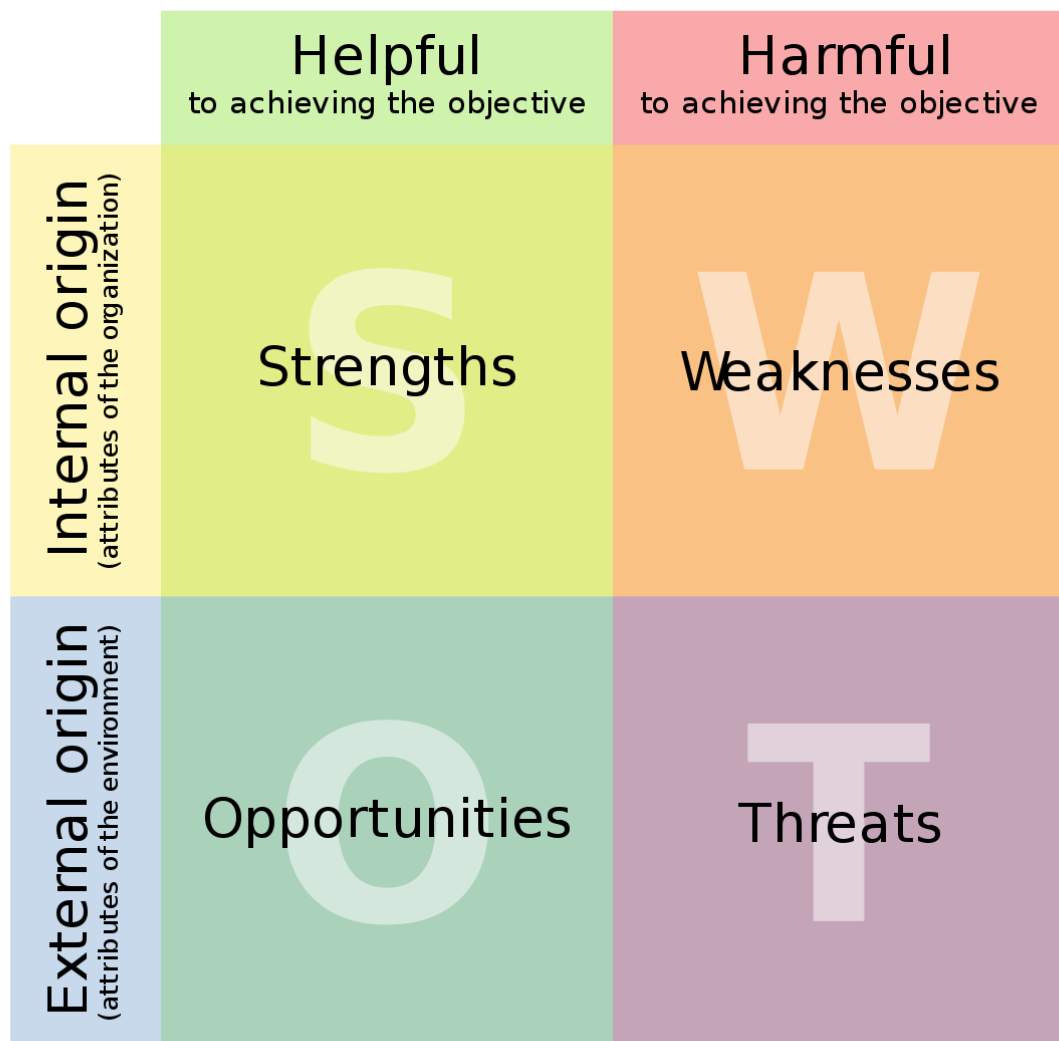


Fig.1.2 SWOT-analysis matrix

Source:(Mind Tools,2009)

The completed SWOT-analysis matrix shows a complete list of the main strengths and weaknesses of the enterprise, as well as the prospects opening up to the enterprise and the dangers threatening it. (Fig.1.2)

The task of SWOT-analysis, as a deeply internal tool of the company operating in the market with dense competition, is to identify problem areas of

the organization in comparison with competitors in the projection of opportunities and threats to the external environment. Therefore, the results of this analysis are the basis for the development of interrelated sets of strategies, measures for competition, optimization of business processes, etc.

So, after having a SWOT-analysis you can clearly see advantages and disadvantages of the company, situation in the market. It allows one to choose the optimal way of development, to avoid all dangers and to use the available resources in the most effective way, using the opportunities of the market at the same time. Correctly and timely strategic decisions taken today play a key role in the successful activity of the organization. Ultimately, they have a decisive influence on the competitiveness of both products and the enterprise as a whole.

The analysis of competitive environment should consist of such marketing actions: research of state policy in the branch of regulation of competition; definition of level of "entrance barrier" to the branch; research of intensity of competition; research of consumers; research of manufacturers of goods as a whole, and substitutes of goods; research of suppliers; research of intermediaries (sellers). From the listed marketing actions the greatest influence on competitiveness of the retail trade enterprise is corrected by intensity of competition. In connection with the difficulty of direct measurement of intensity of competition it is recommended to use its indirect measurement, based on an estimation of three factors, which are really controlled: division of a market particle between competitors, profitability and growth rate of the market. It is reasonable to define the nature of division of the market particle between the competitors by means of calculation and estimation of such indices as the so-called four partial concentration index, Herfindahl index, Rosenbluth index, which supplement each other and enable to estimate the measure of monopolization of the market taking into account different variants of division of the market particle between the competitors and ranks of enterprises, obtained by means of particle ranking from maximum to minimum

(Ukav,2017).The third factor, which should be taken into account when estimating the intensity of competition, is the factor, which can be used for estimating the intensity of competition. Usually the considered factors will not give an exhaustive conception about possible directions of the influence of the competitive environment on the intensity of the competition, however they will allow the retail trade enterprises to get a general assessment of the activity of the competitive environment as well as the ideas about the intensity of the competition and about the trends in this sphere. Underestimation of this factor can lead to disastrous consequences for the enterprise. Regarding other marketing activities necessary to analyze the competitive environment - the level of "entrance barrier" into the industry, research consumers, producers, suppliers and intermediaries, each company, based on their financial capabilities, must decide: to exercise their own efforts or to use the services of specialized research centers. However, these studies in a market economy are objectively necessary, as will enable businesses to determine the state of the competitive environment at a certain stage and in accordance with this develop a strategy and tactics of behavior in the market. The next stage of the marketing research system of competitiveness of enterprise is the study of competitors. For realization of this stage the following marketing actions are necessary: identification of active and potential competitors; evaluation of competitors' activity and determination of the most active competitors; identification of active competitors' strategy; evaluation of competitiveness of active competitors and determination of "key factors of their success". When identifying existing and potential competitors of existing approaches, it is advisable to apply the approach that is based on the satisfaction of certain types of needs. It gives an opportunity to discover two groups of competitors of enterprises: that are focused on satisfying the whole complex of consumers' needs (large enterprises - joint-stock companies) and that are focused on satisfying specific needs of certain market segments (medium and small

enterprises)(Victoria,2003). The activities of competitors should be evaluated using expert assessments of the following indicators: market share of the enterprise, net income, profitability, sales volume, the amount of profits per 1 currency of sales, labor productivity. Based on these indicators, we need to determine the financial position of business competitors and trends that develop in this industry, in accordance with what and discover the most active competitors. Detect active competitors strategy trail based on the definition of levels that takes each active competitor in total sales. Each level corresponds to a competitor's strategy of behavior in the market. To assess the competitiveness of active competitors should use quantitative and qualitative indicators in combination.

Quantitative indicators are as follows: market share of enterprise, profit, level of profitability, sales volume of goods, profit per 1 currency of sales volume, labor productivity. Qualitative indicators are advisable to use: the breadth of the assortment, the price of goods, the sales system, the level of service, services provided, etc.(Ezeala-Harrison,2014) This list is not exhaustive, since each enterprise should independently determine the main indicators by which it will assess the competitiveness of active competitors; here is only an exemplary list of them. After assessing quantitative and qualitative indicators, it is necessary to develop a "profile of competitors' activities" for the selected groups of enterprises. The analysis of the "activity profile" of active competitors will reveal their "key success factors" and weaknesses. On the basis of "activity profile" one should make a "polarity profile" (map of strengths and weaknesses) for all groups of enterprises, which will make it possible not only to make a relative assessment of competitors, but will be the basis for choosing a competitive advantage strategy and defining specific marketing means to increase the competitiveness of one's enterprise. The final stage of the system of marketing research of enterprise competitiveness is diagnostics of enterprise competitiveness. (Semenova et

al.,2020) Realization of this stage predetermines the necessity of such actions: problem definition; a choice of sources and selection of information; calculation and analysis of indicators of competitiveness of the enterprise; generalization of results of research and drawing up the report. Let's consider the contents of actions which provide diagnostics of competitiveness of the enterprises of retail trade(Lazorenko and Fedun,2020). The quality of the research depends on correct and timely determination of the main problem. The main problem should be defined on the basis of the hierarchy of problems that exist in the enterprise, by constructing a "problem tree". In order to do so, each enterprise should establish an "activity profile" which will make it possible to identify its strengths and weaknesses. The weaknesses will indicate the problems of the enterprise. The following action, necessary for diagnostics of competitiveness, - a choice of sources and gathering of the information. Significance and types of sources of information, their advantages and disadvantages, the purpose and procedure of information collection are considered and described by us as characteristic of such marketing action, as formation of the information support, necessary for realization of functional systems with marketing researches of competitiveness of the enterprise. Here only it is necessary to underline, that timeliness, reliability and the comparability of the information predetermine validity of calculations and the analysis of indicators of competitiveness of the enterprise, that is action, responsibility, at an estimation of competitiveness of the enterprise. For diagnostics of competitiveness it is expedient to use three groups of indicators: financial position; economic efficiency of activity; special (basic) indicators of competitiveness of the enterprise.

To assess the financial position it is advisable to use a system of financial ratios and group them as follows: solvency ratios and financial soundness ratios. Solvency of an enterprise should be assessed by three financial ratios: absolute liquidity, term liquidity (intermediate coverage), total liquidity (total coverage). Financial soundness of enterprise should be assessed by the ratio of equity and

loan funds, the ratio of shunting and coefficient. ("Draft Compilation Guide on Financial Soundness Indicators", 2019) It is especially important at the modern stage of the formation of a market economy when financial instability of enterprises, reduction of their profitability and high probability of bankruptcy are almost common. Economic efficiency of trade enterprises is determined by the effectiveness of their commercial activities. To determine the economic efficiency of commercial activities it is advisable to use both individual and generalizing indicators. Individual indicators include: the efficiency of labor resources, efficiency of material resources, efficiency of financial resources, the efficiency of expenditures of live labor, efficiency of trade area use. Generalizing indicators should be used such as: the effectiveness of resources that operate, and the effectiveness of current expenditures. All of these indicators should be calculated, and with respect to profit, that is, as an effect need to use turnover and profit. (Myronov and Myronova, 2020) However, these indicators make it possible to judge the efficiency of either the use of individual types of resources, or the implementation of costs (separate), or the efficiency of resources and costs as a whole (generalizing). Therefore, in order to have a more complete picture of the effectiveness of the enterprise as a whole, it is also necessary to calculate the socio-economic efficiency of the enterprise. The enterprises of retail trade must constantly monitor the efficiency of resources and costs, as well as socio-economic efficiency of its activities as a whole, which will give them an opportunity to timely use the activities aimed at improving it, and will contribute to the achievement of competitive advantage. Moreover, in the current conditions of the formation of market economy in the majority of retail trade enterprises there is a negative trend of reducing the economic efficiency of their activities. (Крайник, 2018) As the third group of indicators, which are the most important for diagnostics of competitiveness of enterprises, it is advisable to use special (basic) indicators: sales volume (turnover) in actual and comparative prices; balance and net profit in the amount and in percent to the

sales volume; sales volume per 1 currency of marketable mass; part of unrealized production; cost of marketable mass; sales volume per 1 currency of unrealized production and market share of enterprise in the city turnover. Calculation of these indicators will allow businesses to not only track the volume of sales, profit margins, profitability, trends change, but also to know the ratio of sales volume and value, as the totality of the commodity mass, and the unrealized production. Knowing the size and dynamics of their indicators, each enterprise can keep under control the main indicators of its competitiveness, and therefore provide the use of measures aimed at improving it. It should be noted that the use of any of the three groups of considered indicators of competitiveness gives only a partial picture of competitiveness. For complete diagnostics of competitiveness of retail trade enterprises it is necessary to use all three groups of indices in complex. However, it should be borne in mind that if an enterprise has no such opportunity (for various reasons), then it is advisable to limit the calculation of key indicators to assess competitiveness; these indicators are recommended for small businesses. Usually, large and medium-sized enterprises need to strive for a complete diagnosis of competitiveness, only then they can keep control of their competitive position, reasonably determine the strategy and tactics of behavior in the market (Barnes,2002).Generalization of the results of the study and the preparation of the report - actions in competitiveness diagnostics. As diagnostics of competitiveness is the final stage, such a report should contain the basic conclusions and recommendations which emerge from the conducted research of all stages of the marketing research system of competitiveness of the enterprise: formation of information support, analysis of the competitive environment, research of competitors, diagnostics of competitiveness of the enterprise. As a whole, it is necessary to report an idea of the competitive position of the enterprise, to facilitate the understanding of the existing or such

that may arise, problems, justification of potential opportunities and dangers for the enterprise in the market.

SECTION 2: UKRAINE IN INTERNATIONAL ECONOMY AND ITS INDICATORS

2.1 Ukraine in international trade

The issue of developing international trade is extremely important for any state. There is no need to prove that it promotes economic development, creates jobs, fills budgets and has many other positive factors. Competitiveness is a complex multidimensional and multilevel category, organically inherent in the market system of economic management. The pragmatic aspect of adequate ideas about the content of this category is determined by the extent to which a set of its semantic features can be used as the basis for the development of methods and means of solving practical problems related to the achievement of a given level of competitiveness (Cann,2016).

As an economic category, competitiveness is a property of an object, characterized by the degree of real or potential satisfaction of a particular need

in comparison with similar objects on this market. That is, it is the ability of a certain object to acquire or possess such qualities, which provide its advantages and successful operation. In this understanding, competitiveness acts as a result of purposeful activity. (Hviniashvili and Moroka,2020)

Total globalization of the economy leads to the need to review the approaches used to ensure the competitiveness of the country's economy. There is a distribution of spheres of influence and markets in the world economy. In this regard, the issue of competitiveness of the Ukrainian economy is acute and it must be solved using new, modern approaches. In modern conditions of the increasing process of globalization and internationalization, the problems of international competition come to the fore. In this connection the category "competitiveness" became extremely relevant, especially in the last 20 years. It has caused the occurrence of the theoretical workings devoted to revealing the competitive advantages of the country in the world economy and description of methods of increase of competitiveness in the international division of labor. The question whether the essence of competitive advantage is preserved in the conditions of a "new economy" acquires today a special importance as the "economy of knowledge" has its distinctive features(“What Is a Knowledge Economy”,2019).

Undoubtedly, there is a connection between the efficiency of functioning of the national economic system and the competitiveness of individual enterprises and goods. Since enterprises are the producers of competitive goods, all other economic systems create conditions for the development of competitive advantages in this or that group of enterprises. Among the leading factors of increasing competitiveness of goods and firms producing them are industrial policy, national and regional legislation providing a favorable environment for development of competitive productions, political and social stability, presence of related and supporting industries, activity of competitors.

The importance of competitiveness is determined, on the one hand, by the growing independence of the economy, especially capital markets, including foreign exchange markets, which makes it increasingly difficult for a single country to have a truly national policy. Virtually all countries have to watch how their cooperation and competition with other countries develop, and the pace of their social and political development is not always synchronized with economic changes. Thus, to compete is to strengthen one's position in relation to other countries in order to gain more weight in the process of negotiations, where all political forces combine their strategies into an interconnected single system. On the other hand, high technology and new industries have become the main tool in global competition and the main indicator of competitiveness. The structure and culture of the entire global marketplace is changing: it is becoming networked, and its players are becoming part of a single economic electronic ecosystem. M. Castells pointed out that networks are proving to be enabling institutions in a number of fields (Castells et al.,2006). New economic forms are built around global networks of capital, management and information, and the access to technological skills and knowledge through these networks is now the basis of productivity and competitiveness. Several approaches are used in economic practice to assess countries' CPC. The most common approach is based on the ranking methodology compiled by the experts of the World Economic Forum (WEF) and the Institute for Management Development (Strokatov,2019).

Ukraine's economy has historically been shaped by its favorable geographical location, the presence of black earth soils, significant deposits of natural resources, and highly productive human labor. These factors have provided Ukraine a high level of development in comparison with other republics of the former Soviet Union. At the time of independence Ukraine had one of the best indicators of GDP, industrial and agricultural production per capita(Pekka Sutela and Pekka Sutela,2018).

On August 23, 1991 it took Levko Lukyanenko an hour and a half to write the draft of the Act of Declaration of Independence of Ukraine in an ordinary notebook. Since then, six presidents and 16 prime ministers have changed, Ukraine has twice won the Eurovision Song Contest, once hosted the European Football Championship, gone through two revolutions, and faced one-on-one with Russian armed aggression (Pekka Sutela and Pekka Sutela,2018).

When Ukraine gained independence in 1991, there were hopes that it would become a prosperous free market democracy and a full member of the European and Euro-Atlantic communities in the near future(“Three Decades of Ukraine’s Independence | Wilson Center”,2021). It was intended that the European Union (EU), the North Atlantic Treaty Organization (NATO), and the Organization for Economic Cooperation and Development (OECD) would welcome the largest country physically fully European and the fifth-largest European nation by population (OECD). Ukraine has never lived up to those expectations. Instead, because of its geopolitical circumstances, historical burdens, and institutional development and policy blunders, it is viewed as an underachiever, sometimes as a sick man of Europe, and perhaps even as a potentially failing state. Ukraine has prospered economically in tandem with the rest of the region. As a result, growth rates haven't been particularly low, but they follow the economically disastrous 1990s and aren't based on a solid basis. Russia has been providing Ukraine with low-cost gas for years, while Ukraine's export prices have risen quickly (Pekka Sutela and Pekka Sutela,2018). Ukraine, on the other hand, has grown increasingly reliant on Russian oil and gas, which it receives at nearly no cost. Currently, 70% of the country's gas consumption is imported (“Ukraine Faces Energy Crisis”,2021). However, like with other economic windfall profits, the improved terms of trade that this produced are only lucky if properly managed. Unfortunately, the windfalls of the 2000s were not well utilized by Ukrainian economic strategy. Ukraine must forsake its reliance on a dwindling foreign trade bonanza in the

future. Prices must be established at a more realistic level, and Ukraine must become less reliant on foreign aid. Corruption is obstructing Ukraine's transformation to a real free market economy. The government must foster competition while also cracking down on corrupt practices if it actually wants to improve. Only then will Ukraine be able to begin to open up its economy to more global competition and investment, allowing it to reach its full potential. In three decades, Ukraine has experienced more crises than neighboring countries. Just look at the temporary loss of some territories in 2014-2015(“Peace in Ukraine (III): The Costs of War in Donbas”,2020). For almost the entire first decade of independence, real GDP was declining, and along with it the income of Ukrainians was falling. In the mid-2000s, this trend was broken, but not for long, because the flourishing of the Ukrainian economy was hindered by global economic turmoil and military aggression on the part of the Russian Federation.

2.2 How Ukraine’s macroeconomic indicators have changed

When it comes to evaluating the economy of any country, the first thing to look at is GDP. Gross Domestic Product shows the total value of goods, work, and services that the entire economy produced in a year. The gross domestic product (GDP) has grown in various ways over the years of Ukraine's independence. According to the World Bank (WB), GDP in 1992 was \$71.9 billion in current prices(“Ukraine | Data”,2021). At the same period, the GDP of bordering Poland was \$94.3 billion(“Poland GDP - Gross Domestic Product 1992”,2021), and the GDP of Hungary was \$38.7 billion.(“Hungary GDP - Gross Domestic Product 1992”,2021)

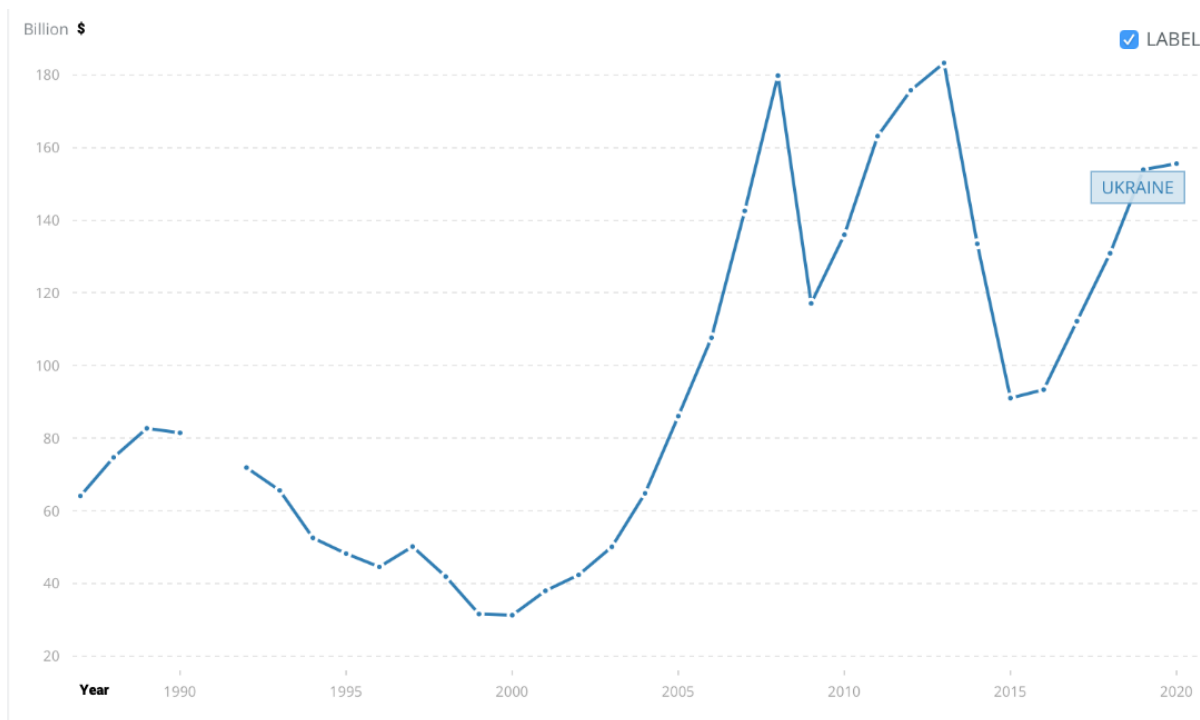


Fig 2.1 GDP of Ukraine 1990-2020

Source: World Bank

Ukraine entered the new millennium with a 2.3 times lower GDP of \$31.26 billion. On the eve of the global economic crisis of 2008, which painfully hit Ukraine, the GDP was \$179.8 billion, but already in the following year it dropped to \$117.1 billion. Another drop in GDP occurred during the turbulent events of 2014: from \$183.3 billion in 2013, the gross domestic product fell to \$91.03 billion in 2015. At the end of 2020, GDP was \$155.58 billion (“Ukraine | Data”, 2021). (Fig. 2.1)

About the significant changes in the state economy at the end of 30 years mentioned The Page historian, candidate of political sciences Alexander Paliy.

"I remember the economic helplessness of people and the whole country in the 1990s. There were no basic goods. Now Ukraine produces almost all vital goods. A sizable middle class has risen from this. Ukraine now produces two and a half times as much grain as it did in the 1990s. New start-ups, particularly in the IT sector, are growing seriously. A few dozen countries can boast of this,

no more.” At the same time, he said, the country lost many opportunities, especially where power and enterprises ended up in the hands of people alien to Ukraine.(“Олександр Палій: Рушіями Незалежності були українські письменники - Галичина”,2021)

The "virus" of excessive inflation was another economic policy failure at the start of Ukraine's independence. Initially, price liberalization inherent in all post-Soviet and Eastern European countries at a time of widespread shortages of consumer goods provoked an explosive rise in their prices. Subsequently, the expected decline in inflation rates, as, for example, happened in Poland and the Baltic states, did not occur.

Inflation

Since achieving independence in 1991, Ukraine has been plagued by severe inflation. Initially triggered by price liberalization during a period of widespread consumer goods deficits, as was the case in all post-Soviet and Eastern European economies, it has not reduced in 2-3 years, but has instead continued to increase.(“Ukraine Inflation Rate 1993-2021”,2021) The main causes of this expansion were governmental inconsistency (price liberalization waves alternated with price freezes) and the attempt to maintain high Soviet-style social standards in a fast decreasing economy with a weak (or no) tax base, which resulted in excessive money emission. At the end of 1991, inflation in Ukraine was 390%. A year later it rose to 2100%, and in 1993 it reached a maximum in the history of independent Ukraine - 10,256%. After that the consumer price index fell sharply, to 501% in 1994. Gradually declining further, in 2002 inflation sank to its historic low - 99.4%. (“Ukraine Inflation Rate MoM | 2022 Data | 2023 Forecast | 1991-2021 Historical”,2021)



Fig. 2.2 Inflation rate in Ukraine

Source: National Bank of Ukraine

Since then, the price index has risen sharply twice more, in the 2008 and 2014-2015 crisis years. In the first case, inflation reached 122.3%. In the second, it soared to 124.9% in 2014 and 143.3% in 2015. At the end of 2020, it was 105%. (Fig. 2.2)

The dollar rate

January 10, 1992 the National Bank of Ukraine (NBU) introduced the reusable coupons ("National Bank of Ukraine", 2021). For some time in Ukraine also used rubles, but since November 1992 kuponokarbovanets remained the only means of payment in cash and non-cash turnover. At that time, to buy \$1, you had to give 208 kuponokarbovans. By 1995, the value of the dollar had increased to 147,463 kuponokarbovans. ("National Bank of Ukraine", 2021)

Work on the hryvnia began in 1992. The first banknotes designed by artists Vasily Lopata and Boris Maksimov were printed in Canada and Great Britain.

The currency reform, which turned the hryvnia into the national currency, took place in 1996. At that time, according to the NBU, the dollar was worth 1.82 hryvnia. ("History of Hryvnia", 2021)

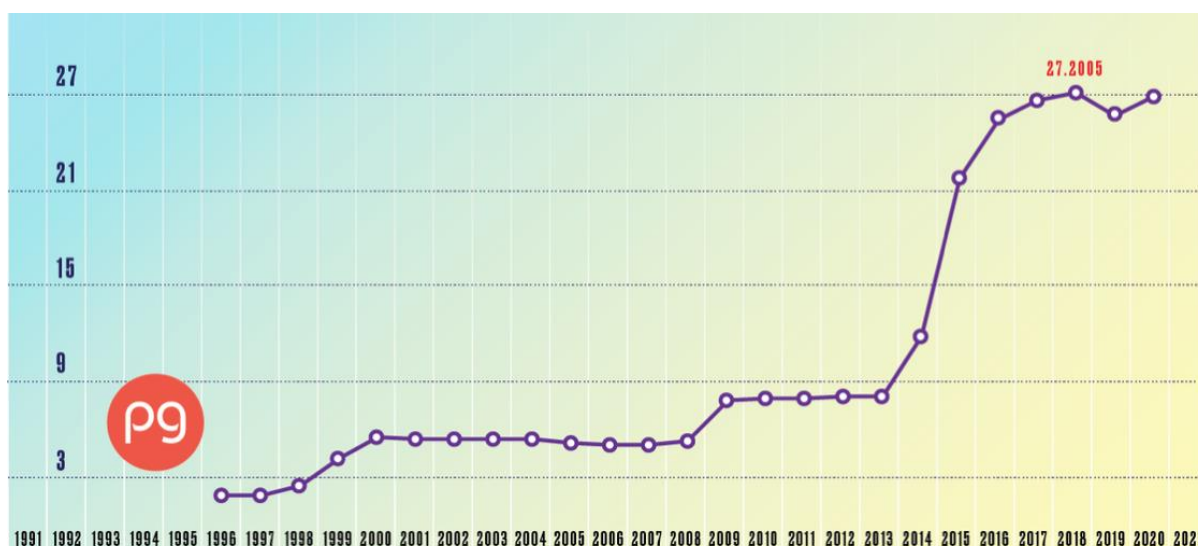


Fig. 2.3 Exchange rate of hryvnia per dollar

Source: National bank of Ukraine

The hryvnia was most stable from 2000 to 2008: the exchange rate fluctuated between 5.05 and 5.44 UAH per dollar, and then rose to almost 8 UAH per dollar. In 2014, the U.S. currency was worth 11.89 UAH, and the next year the hryvnia fell sharply - to 21.84 UAH per dollar. In 2018, the dollar reached 27.2 UAH, the highest level in the years of independence (“Official Hrivnya Exchange Rates”, 2021). (Fig. 2.3)

Demographic situation

According to the World Bank, Ukraine's population as of 1991 was 52 million. Only in 1992 and 1993 did this figure rise to 52,179,200 citizens during the independence period. After that the population of Ukraine began to decline. In 2020, the WB counted just over 44 million Ukrainians. The percentage of men and women in the population structure has remained almost unchanged for 30 years: in 1991 the proportion of men was 46.55%, women - 53.45%, and in 2020 - 46.3% and 53.6% respectively. As evidenced by the data of the State Statistics Service, in 1991 the population of Ukraine naturally decreased by 39.1 thousand people, and already in 1992 - by 100.3 thousand people. In the pre-pandemic year of 2019 there were 272.3 thousand fewer Ukrainians, while during the crisis year of 2020 the decrease in population accelerated by 18.8%

- to 323.4 thousand people.(“Population, Total - Ukraine | Data”,2021) (Fig. 2.4)

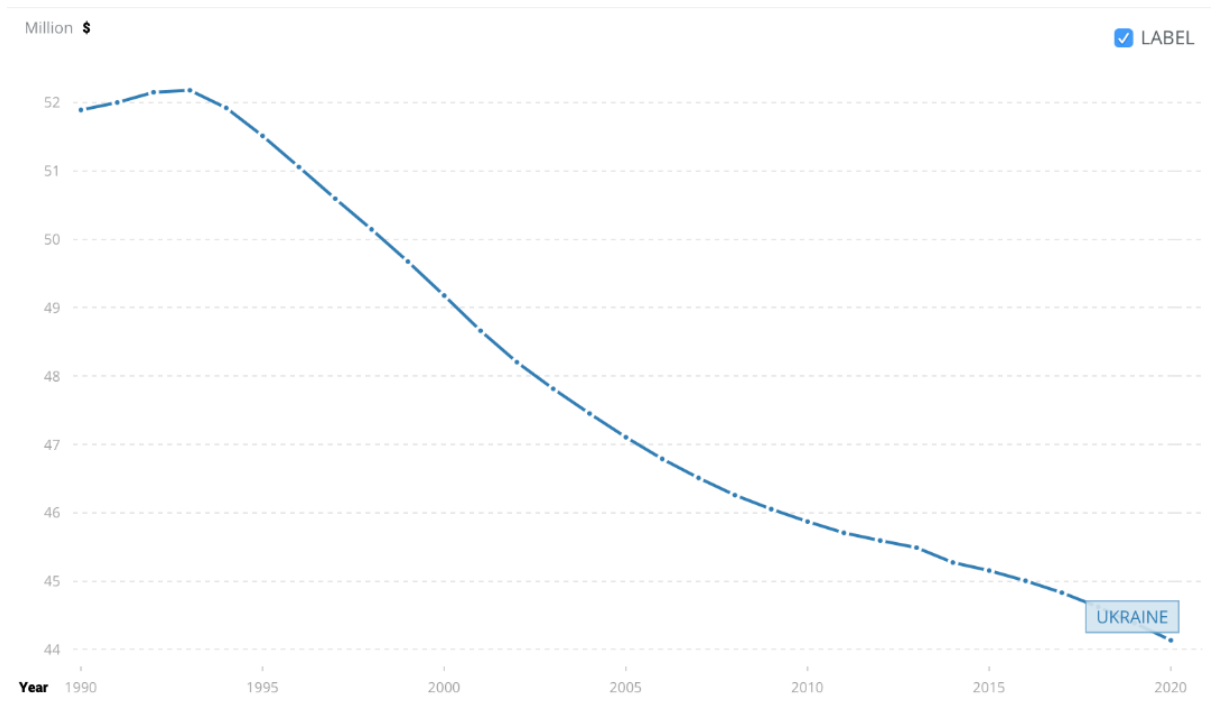


Fig.2.4 Population of Ukraine

Source: World Bank

In addition to natural factors, the decrease in the number of Ukrainian citizens is also affected by the migration movement. According to calculations by the UN Department of Population, the number of Ukrainian emigrants as of 2019 reached almost 6 million people(International Migration 2019 Report). As Oleksandr Paliy explains, in the 1990s, the mass wave of emigration led to the fact that it was possible at all. "Since 1990, a total of several million people have left Ukraine. This is a very large number. This was primarily due to the emergence of the very real opportunity to emigrate. And also, especially in the 1990s, the inability of many people to provide for their own families minimally. Now people are emigrating differently than in the 1990s - not so much for the economic distress, but for new opportunities".(“От Кравчука до Зеленского: как изменилась Украина за годы независимости”,2021)

Corruption

The Corruption Perceptions Index (CPI) is an index that has been calculated since 1995 by Transparency International based on 13 surveys of authoritative international organizations and research centers. (“Індекс сприйняття корупції: як це працює? | Трансперенсі Інтернешнл Україна”, 2021)

The key measure of the CPI is the number of points, not the ranking. Until 2012, the CPI was assessed on a scale of 10 to 1, after which Transparency International changed its approach and began to look at corruption around the world through a 100-point lens. The lowest score (0) indicates that corruption is virtually a substitute for the state. The maximum score (100 points) indicates that corruption is almost non-existent in society. The index, on the other hand, only looks at corruption in the public sector.

In 1998, when the CPI was first calculated in Ukraine, the state received 2.8 points and took 69th place among 85 countries. The lowest score was in 2000 - 1.5 points and 87/90th place in the rating. In 2006, the country was able to repeat first ever result of 2.8 points. Before the change in the methodology of calculation, this was the maximum score that Ukraine received. (Fig. 2.5)



Fig.2.5 CPI - Ukrainian place

Source: (“Ukraine in the Corruption Perceptions Index 2020 | Transparency International Ukraine”, 2021)

Large-scale corruption in Ukraine took shape during the emergence and growth of "wild capitalism," especially in the second half of the 1990s and early 2000s. First, it happened in the economic sphere, affecting the relevant state institutions. Big money and big power (including big politics) interpenetrated. In the early 2000s, the judicial system and, to a large extent, the law enforcement system were almost completely corrupted. The temptations of corruption were too attractive for our elite, and there was almost no anti-corruption action. Under Yanukovich's presidency, corruption became systemic and hierarchically organized. In 2012 the level of perception of corruption in Ukraine was estimated at 26 points - 144th place among 176 countries. For 8 years the state managed to rise in the ranking by 27 steps and took 117th place with 33 points. ("Ukraine in the Corruption Perceptions Index 2020 | Transparency International Ukraine.", 2021) Although the level of corruption has declined since 2014, citizens have a deceptive sense to the contrary. After 2014, the areas where there is corruption have actually decreased. All the experts admit this. But since they started talking about it more, people have a feeling that corruption has increased.

2.3 Attitude of Ukrainians toward joining EU

One of the solutions to the difficult economic situation in Ukraine is the accession to the EU, which consequently opens up great prospects for Ukraine in the world market.

Slightly more than a half of Ukrainians favorably treat the idea of Ukraine's accession to NATO and the EU. However, among the other half only about 19% are sharply negative about the integration into the European Union and the North Atlantic Alliance. Attitudes towards Ukraine's accession to the EU differ markedly from region to region. (Yakymenko, 2018)

Residents of the western regions support accession to the European Union most of all. They are ready to vote for accession to the EU:

70% of residents of the West;

58% of residents of central regions;

39% of southerners;

29% of residents of the eastern regions. ("European Integration of Ukraine: The Dynamics of Public Opinion", 2019)

The readiness of residents of Ukraine to vote for accession to the European Union has remained relatively constant over recent years: about half of the population expresses readiness, about a quarter - against.

Ukraine and the EU have long been engaged in a dialogue about our country's accession to the union. But we are only at the first stage of integration. What can Ukraine get from joining the European Union and what are the risks of such a step?

Integration of Ukraine into the EU is a process of political, legal, economic (and, in some cases, social and cultural) association of Ukraine with European states, including those partly located in Europe. The ultimate goal of integration is the entry of our state into the European Union.

In recent years, the number of supporters has increased. This is primarily a consequence of the aggression of the Russian Federation - more and more Ukrainians understand that we cannot have anything in common with this country and the choice of European integration becomes non-alternative.

In February-March 2020 (before the COVID-19 pandemic crisis), a public opinion poll was undertaken in six Eastern Partnership countries: Azerbaijan, Belarus, Armenia, Georgia, the Republic of Moldova, and Ukraine, as part of the initiative "EU Eastern Neighborhood."

The main results:

The EU is seen positively by 51% of Ukrainians, while 64% say that relations between Ukraine and the European Union are favorable.

More than 63 % of Ukrainians acknowledge the EU's core values and identify with "peace, security, and stability," "human rights," "economic success," "rule of law," and "individual freedoms."

Only 26% of Ukrainians trust the EEU, while 66 % trust the European Union.

66% of Ukrainians are aware of the EU's financial assistance, and 46% believe it is successful.

Because our countries have so much in common, many in Ukraine look to the Polish experience as an example. Poland became a member of the European Union in 2004. It acted as a catalyst for economic growth. (“Інтеграція України в ЄС: плюси і мінуси”, 2017)

Since 2005, Ukraine also declared its desire to join the EU, but still we are only at the first stage, we signed the Agreement of Association:

1. Joining the EU happens in several stages:
2. Signing the Association Agreement;
3. Inclusion in the official EU enlargement program;
4. Submission of an application for accession;
5. Obtaining EU candidate status;
6. Joining the EU.

The process takes several years, and in order for Ukraine to become a member of the EU, all countries that are already there need to give their consent. (“EU Relations with Ukraine”, 2017)

The European Union includes most of the developed countries of Europe; to be among them is not only recognition and honor, but also real advantages. Above all, the EU entitles all its members to enjoy all the principles and freedoms that make it possible to build a free and prosperous country. To be in the EU means to "sit at the same table" with the representatives of the civilized world.

One of the main advantages for Ukraine in the accession to the EU is the economic development that will consequently help to bring Ukraine's products to the world level through increasing competitiveness.

The EU means opening up markets. An increase in exports, which leads to an increase in production, and consequently creates new jobs, and greater imports, which also has its advantage, because the competition grows, and therefore the prices go down, and the quality of goods and services increases.

If we look at the Polish experience, only one year later in the EU, Poland had the highest GDP growth, dynamic increase in exports, strengthening of foreign investors' confidence, which was accompanied by a significant inflow of investment (according to the National Bank of Poland, the investment grew by about 50%, amounting to more than 6 billion U.S. dollars). (“Narodowy Bank Polski - Internet Information Service”, 2021)

Of course, there are negative aspects of joining the European Union, but they are fewer than the advantages.

The Ukrainian economy is not ready for competition in all European markets. And, on the one hand, it will contribute to development, but many will have to lose this fight. In addition, economic ties with Russia are already smaller, but it is difficult to give them up right away.

SECTION 3: THE MAIN PROBLEMS OF INCREASING THE COMPETITIVENESS OF UKRAINE AND WAYS TO SOLVE THEM

3.1 Ukraine's competitiveness ranking

Now the world is at a critical moment in its history. The problems that were evident by the pandemic have only deepened. The new realities of accelerated political and technological change, reinforced by crises resulting from the spread of acute respiratory disease COVID, - 19 caused by the SARS coronavirus - CoV - 2, are rapidly shaping a new landscape of global economic competitiveness and a list of challenges for governments and businesses regarding future growth and productivity. However, future growth is not possible without a simultaneous overall digital transformation of all countries in the world. In the studies analyzed above, experts have tried to depict as fully as possible the radical changes that have taken place in 2020 under the impact of the pandemic and to help governments and businesses navigate the changing conditions of the present time and make the necessary transformations to reset economies to achieve, in the long term, lasting and inclusive prosperity for countries.

It is digital networks and technologies, especially broadband, that can provide humanity with continuity of operations, employment, education, commerce, banking, health care, and a wide range of other essential services. Governments around the world have used digital technologies to innovatively transform the way they work, share information, make decisions and deliver services, and interact and partner with their populations on policy assignments that have been in the public interest. Today, however, there remains nearly half of the world's population that does not have access to the Internet. And hundreds of millions more are forced to use low-speed, expensive and unreliable networks. And many countries still lack the capacity to use digital technology effectively to provide accessible, reliable, fast, personalized, secure and inclusive services that empower rights and opportunities.

Thus, the "digital divide" that existed before the current global crisis, as a result of the COVID - 19 pandemic, has sharpened the issue of inequality and brought additional attention to the problems of digital infrastructure, digital skills, protection and security in digital networks. ("Coronavirus Reveals Need to Bridge the Digital Divide | CNUCED", 2020) It was the challenges of the digital divide that prompted the UN Secretary-General's call during the pandemic for all UN member states and other stakeholders to intensify action on the decade-long implementation of the Agenda for Sustainable Development Goals and identified universal access to broadband as a fundamental element and critical enabler necessary to stimulate global economic recovery and accelerate the pace of achievement, which is necessary to stimulate the renewal of the global economy and accelerate the achievement of the UN Sustainable Development Goals.

Now digitalization is no longer an option for development, but a necessity that leads to progress. The pandemic as a result of COVID - 19 demonstrated the importance of digitalization as a way to increase economic resilience. The ability of the economy to quickly adapt new technologies in response to the fickle economic landscape is caused by pandemics that affect the speed of economic renewal. With this in mind, digital transformation is now seen as a critical challenge for all stakeholders: local governments, corporations and small businesses, and even individual citizens. It is the success of countries in bridging the digital divide and digital transformation that will shape the level of competitiveness of countries in the world.

Ukraine, which has been in permanent crisis for quite a long time, be it political/security one, when it is forced to defend part of its territory by military means, financial, social and economic, feels more and more the consequences of COVID pandemic - 19 and is in urgent need of systemic measures to transform the Ukrainian economy and effectively use the potential of the country from increasing competitiveness of the economy and well-being of the

population. Not only social tension in the country and activation of protest moods in the society but also global ratings of the country's competitiveness became the factual proof of it. Notwithstanding the structural reforms initiated in the country over the last seven years, as unfortunate as it is to admit, they did not contribute to the strengthening of Ukraine's international competitiveness.

According to the results of various ratings of global competitiveness, development of digital infrastructure and its use by state institutions, business, population, level of access to the Internet and ensuring its free use, as well as development of innovation and e-government and e-commerce, Ukraine was consistently rated worst among all countries of the European region, and now remains the least competitive among them. (“World Competitiveness Rankings - IMD”, 2021) Despite some successes, Ukraine has been and remains a regional outsider. This is due to a number of reasons, but the main one is that the positive changes that have been taking place in the country have been much slower and completely haphazard compared to other countries. Moreover, geographically the country is located in the region, where the countries with high and above average income levels, the long-term highest competitiveness in the world, among which the most prepared and promising for the transition to a new more productive, resistant and inclusive economic system, are recognized Scandinavian countries. They have become world leaders in competitiveness due to their extensive Information and communications technology (ICT) infrastructure, the innovative technologies on which it is built, the speed of innovation, the ability to support the effective use of digital talent, an effective system of public administration and regulation in terms of providing broad access to ICT, and the like. All this, together with a sufficiently high level of human capital, where a significant percentage of the population has a high level of digital skills, forms the readiness of citizens, businesses and public authorities to use ICT and wider access to resources, creates opportunities to use innovative technologies to create economic value at a faster pace than low-

income countries can do.(Tutova and Savchenko,2019) This creates a powerful high-income economy. Among themselves, countries are distinguished only by the level of implementation of innovative technologies such as: artificial intelligence, robotics, Internet of things, 5G and the amount of investment directed into them.

Ukraine is placed in the category of countries that are developing, and the economy with low income and economic competitiveness, which corresponds to 55th place, while the level of digital competitiveness - as much as 58th place among the 63 countries in the world. (The Global Competitiveness report,2020)

Among the countries that are most prepared for the digital transformation of the economy, (digital technological readiness/network readiness) Ukraine took 64th place among 134 countries that were analyzed. At the same time, the country received 49.43 points, while the average number of points in the European region was 64.21 points. Among the group of low-income countries, Ukraine took 2nd place, after Vietnam. In the four main groups, which were analyzed countries in terms of digital readiness, Ukraine ranked: 62nd place or 41.51 points in the Technology group (European average - 59.93 points), 65th place or 48.87 points in the People group (European average - 59.89 points), 58th place or 58.19 points in the Management group (European average - 72.98 points) and 79th place or 49.16 points in the Impact group (European average - 64.04 points).

For the level of achievement of the UN Sustainable Development Goals - ranked as high as 91st. The same average success Ukraine had regarding innovative development - 45th place among 131 countries and 42nd place among 63 countries in the global ranking of competitiveness of talents. In the ranking of development of e-advancement and efficiency of E-University 2020, remaining the outsider, Ukraine has significantly improved its results and took 69th place among 193 countries against 82 place in the ranking of 2018. The aggregate assessment is classified in the group of countries with a high level of

EGDI index (0.7119 against 0.6165 in 2018). Ukraine was ranked 51st among the 152 countries of the world that were evaluated for the ability of infrastructure to ensure the development of e-commerce. (Департамент розвитку електронних комунікацій, с.11, 2021)

The weaknesses of Ukraine include the quality of state institutions, political instability, imperfect legislation, including as it relates to regulation of ictc activities, low level of domestic market and welfare of the population, which forms a pent-up demand for goods and services, including ictc services, as well as the lack of extensive and innovative telecommunications infrastructure, high cost of cell phones compared to household income, low ability to use digital platforms in rural areas and the like.

The strengths of the country still remain the level of education of the population, namely the literacy of the adult population, the percentage of those who have higher education, the quality of education directly and the professional level of those involved in business; creativity and innovation; as well as legislation in the field of e-commerce, the ability to adapt the legal framework to new technologies, ensuring gender equality, affordability of cell phone services, ease of doing business, e-democracy, availability of innovative technologies and number of In addition, international experts have noted a number of positive changes in policies regarding freedom of distribution of socially significant information on the Internet, as well as protection of the rights of Internet users. At a time when there was a negative trend of deterioration of Internet freedom worldwide, which was significantly accelerated by the spread of acute respiratory disease COVID - 19 caused by the coronavirus SARS - CoV - 2. The pandemic increased society's dependence on digital technology, while the Internet became less and less free. State and non-state actors in many countries actively used the situation created by the pandemic to expand their power to control the population by increasing online

surveillance and data collection, censoring critical speech and creating new technological systems of social control and the like.

But the Ukrainian government, as international experts note, in response to the COVID pandemic - 19 has largely avoided serious violations of Internet privacy and reduced the number of politically motivated cyber attacks. The greatest progress regarding Internet freedom has been seen in Ukraine. However, through the persistence of systemic threats to Internet freedom, including content manipulation and trivial prosecution of Internet users for online speech that can be protected by international human rights standards, Ukraine has failed to change its status for the better and remains a country with a partially free Internet.

3.2 Problems of increasing Ukrainian production competitiveness

At the present time the problem of increasing the competitiveness of enterprises acquires significant relevance. This is due to the increasing intensity of the development of all processes of the economic environment, changes in the factors of influence of the external environment as a result of growth of globalization processes, increased risk of foreign economic activity.

The priority for the country is the further development of market processes, creation of prerequisites for its successful integration into the world community and determination of its place in the international market. The competitiveness of enterprises is based on quality, speed of decision-making, technical advantage, service and product differentiation. The key factor of competitiveness, if the national sector or enterprise level is meant, is the increase of the overall productivity.

At present, when Ukrainian industrial enterprises enter foreign markets, there is a problem of ensuring further growth of their level of international competitiveness.

Development of the concept of increasing the competitiveness of the enterprise is a complex problem. Its solution cannot be standard even for two

very similar enterprises operating in the same market and setting themselves identical goals.

Therefore, depending on the influence of the external environment, internal factors, strategic tasks, individual features of the enterprise the concept of increase of competitiveness can include a set of various elements: organizational and administrative, technological, marketing, financial, and investment.

The main problems that impede successful realization of the competitive advantages of Ukrainian enterprises are, first of all, technical and technological backwardness of companies and presence of unfavorable business climate in the Ukrainian state. National factors are the main determinants of the impact on the current model of competitiveness of Ukrainian enterprises: natural resource potential of the country contributes to the development of such industries as ferrous metallurgy and chemical industry, geographical location determines the export of transportation services, and the availability of fertile land resources is the key to the successful development of agriculture.

Ukraine today is one of the least competitive countries, so it is obvious that the problem of improving the competitiveness of both domestic goods and services and the economy of Ukraine as a whole, today comes to the fore. Taking into consideration that Ukrainian industrial enterprises depend heavily on external energy resources, and energy intensity of the above-mentioned products in the country is recognized as one of the highest in Europe, they are characterized by low competitiveness and profitability of both production and export operations. Ukraine's exports in the mechanical engineering industry are not diversified and are accounted for to a greater extent by Commonwealth of Independent States (CIS) countries. The situation is aggravated by significant physical and moral deterioration of the production capacity of most Ukrainian industrial enterprises, which does not contribute to the production of high quality products that meet international standards. The degree of depreciation

of fixed assets in the Ukrainian economy reaches 60% (Stockworld,2021). The state of certain branches of Ukrainian industry, namely the mining and metallurgical complex, chemical industry or sugar production can be estimated by an indicator of 60-70% wear and tear, which shows the similarity and generality of the processes of destruction in the domestic industry. An important condition of growth of efficiency of production and increase of competitiveness of enterprises is activation of innovative activity. Innovative activity aimed at development of competitive advantages can exist under conditions of constant renewal of production and technologies, manufacturing of high quality products. In spite of crisis phenomena in the world financial sphere and in the economies of a number of highly developed countries, the orientation on innovative development remains an important factor of competitiveness of economic entities. There is not a high level of innovative activity of Ukrainian enterprises, their low investment attractiveness. If in developed countries innovation activity is one of the most important means of prosperity of the country and the number of innovatively active industrial enterprises in these countries reaches 80-90%, in Ukraine this indicator is 59.4% This situation is largely due to weak state support of innovative activities of enterprises, as the financing of innovative activities of enterprises is carried out mainly by own funds of enterprises (76.7%), and loans (10.8%), which significantly narrows the scope of investment (Petryk,2019). The result of low competitiveness of the enterprise is the absence in Ukraine of a number of high-tech industries and first of all those that determine the export position of industrial enterprises: IT-industry, production of sophisticated medical equipment, many devices for scientific research and modern passenger cars.

Insufficient implementation of innovative technologies results in low competitiveness of many domestic products. In terms of quality and technological solutions, radio electronic products, household appliances, agricultural and road-building machines, as well as a number of other goods are

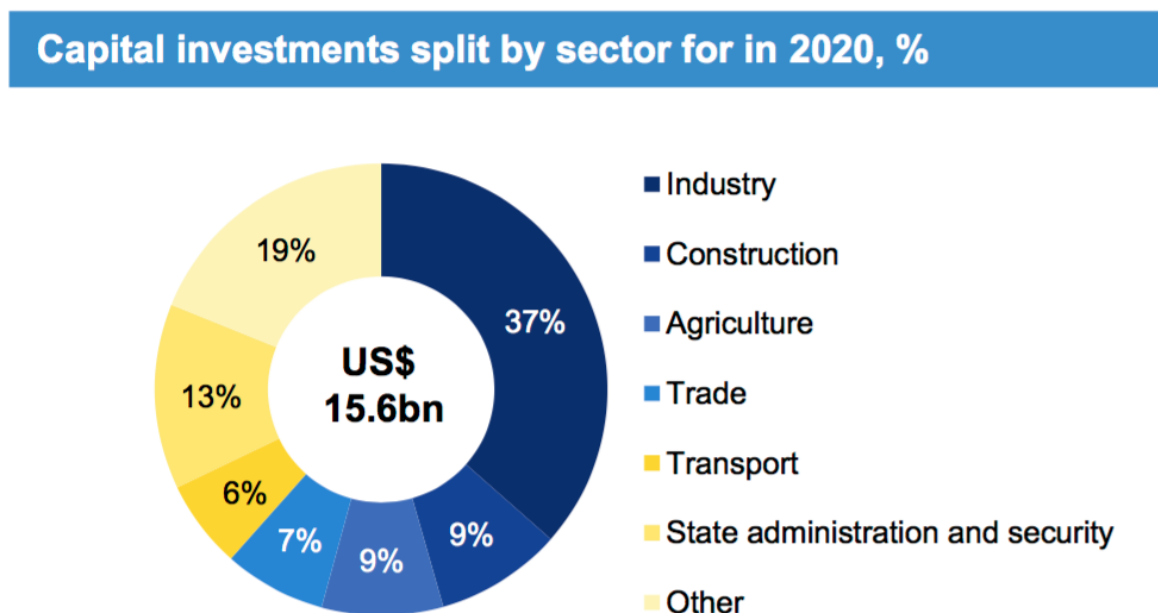
significantly behind their foreign counterparts. In this area, costly technologies typical of the Soviet economy continue to be used on a large scale, which, in turn, leads to an increase in the resource intensity of products and prevents the reduction of production costs and production of innovative products in other sectors of the economy.

In addition, the **low competitiveness of industrial enterprises** is exacerbated by the insufficient number of qualified personnel. Due to the low level of wages, young specialists do not want to work in this sphere, and the majority of experienced workers of industrial enterprises are of retirement age. By losing skilled workers who quit or retire, machine-building enterprises are unable to train decent replacements for them, which is reflected in the lower quality of job performance.

All factors affecting the competitiveness of enterprises can be divided into internal and external. External factors include: political situation in the state and influence of the state on pricing policy, tax, foreign economic, financial and credit, scientific and technical and innovation policy, state regulation of product quality, anti monopoly legislation, system of measures of state support of domestic producer, state of demand and supply in the market and development of market infrastructure, presence of competitors and state of competition in the market, location of production forces and level of concentration of production and innovation.

Internal factors include such factors which enterprises can independently influence, with the maximum use of their own resources: financing of scientific research, modernization and replacement of worn-out equipment, carrying out activities, development of a mechanism for rapid response to customer needs, conducting an aggressive sales policy, implementation of innovative technologies and modern methods of firm management. As a part of internal factors of competitiveness of the country, region, subject of management is determined by two main factors. Firstly, the available resources, investment

potential and their effective use, and secondly, the effective system of state regulation of investment flows. Ukraine has not a very high resource and rather low level of investment potential. This is confirmed by data on the state of capital investments split by sector in the economy of Ukraine and capital investment dynamics. (Fig 3.1, Fig 3.2)



Source State Statistics Service of Ukraine

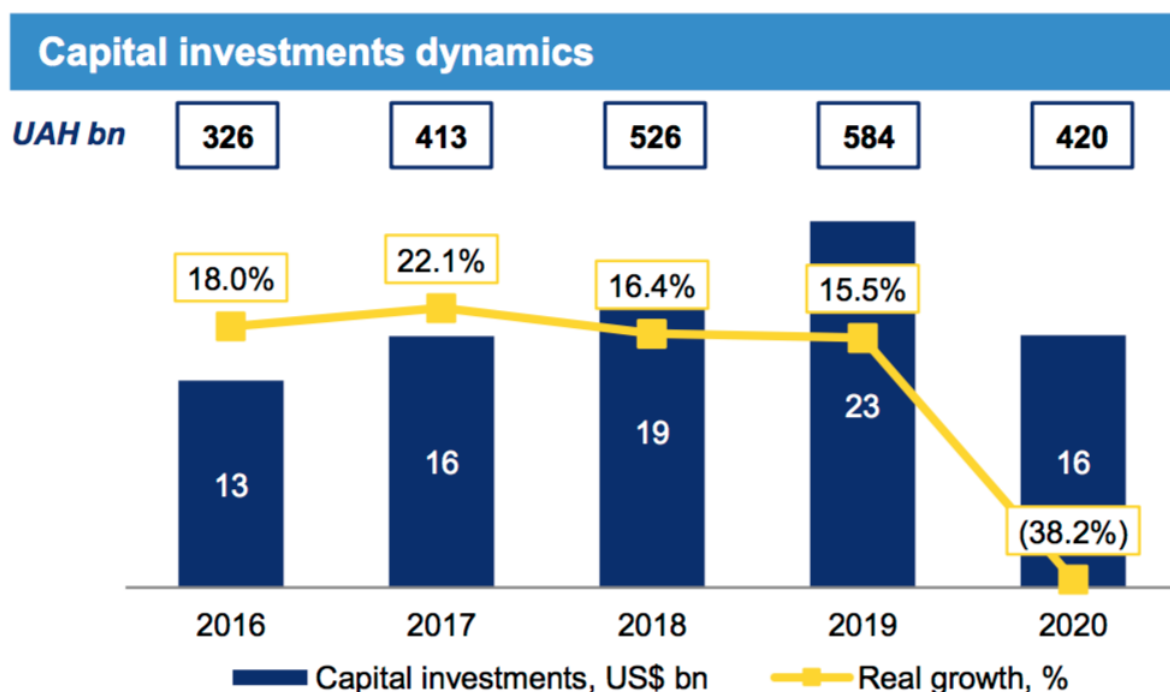
Fig. 3.1 Capital investment split by sector for in 2020

This situation in the investment sphere is the result of:

- imbalance in the organizational and economic structure of industry, which is characterized by a low level of added value of export-oriented enterprises;
- the low level of performance of the industrial sector, which is characterized by
 - a decline in the volume of products sold, including innovative products;
- High risks of long-term investment, unacceptable for the majority of industrial enterprises, the cost of credit resources

High risks of long-term investment, the unacceptable cost of credit resources for the majority of industrial enterprises;

- The lack of progressive organizational and economic forms of interaction between the business entities and the corresponding infrastructure of innovation and investment activity.



Source: State Statistics Service of Ukraine

Fig 3.2 Capital investment dynamics

The analysis of domestic investments testified to the priorities of the domestic investors when investing capital depending on the types of economic activity. Throughout 2020 the investments in three main kinds of activity prevailed: industry (37%); construction (9%). The least investments were directed into transport- about 6% of the total volume of the investments in 2020. (“Инвестирование в Украине: статистика, отрасли | DLF Attorneys-At-Law”, 2020)

The main reasons for the problem of low investment activity of the subjects of the national economy are the following:

- unfavorable conditions for investment, in particular, imperfect legislation on the protection of property rights, tax administration, obtaining ownership of land plots, entrepreneurial activity and control over it;
- Insufficient level of the state support for the investment activities, insufficiently developed system of preparation of the investment programs and projects for provision of the state investments;
- Underdevelopment of the investment market and infrastructure;
- Lack of effective mechanisms of the state-private partnership in investment.

Also low investment activity is associated with imperfect state investment policy, gaps in investment legislation, lack of proper institutional support for the development of the investment market and its instruments and, as a consequence, insufficient domestic and foreign investments.

The solution of these problems needs improvement of forms of state regulation of investment activity and development of corresponding methodical tools for estimation of social and economic efficiency of organizational and economic measures of state regulation of investment activity in industry.

In addition, internal activities of the Ukrainian government should relate to reducing tax pressure, protection of domestic producers in anti-dumping investigations; solving the problem of value added tax refund, maintaining a stable national currency exchange rate, improving the business climate in the country, compliance with international economic standards, creating favorable conditions for foreign investment, improving the regulatory and legal framework of competitive environment development .

At the stage of transition of the Ukrainian economy to a sustainable development, the importance of strengthening the innovation activity of enterprises as a priority direction to enhance competitiveness based on the efficiency of production, improving the quality of products and services is increasing.

Provision of innovation development of Ukraine with necessary investment resources first of all depends on the position of the state in this process. Mechanism of functioning of the economy of innovative type provides for permanent cyclic transformation: funds invested in scientific research are purposefully transformed into new knowledge, received knowledge - into technology and skill, which, in their turn, are effectively transformed into money. In such an economy (it is also called knowledge-based economy in contrast to the extensive, raw material-oriented one) the main resource of development is knowledge, the leading source of which is science, the scientific and technological potential of the country ("Knowledge Economy - Overview, Characteristics, Examples", 2020). World experience shows that the efficiency of such an economy in strategic perspective is several orders of magnitude higher than in the economy oriented to raw material resources, and only this type of economic development can provide economic and scientific-technological independence of the state.

The Ukrainian economy today as never before needs a strong positive impetus for development, which would allow it to escape from the recession, increasingly absorbing it. The only way to give it a boost is to introduce strong incentives for innovation in the private sector, which is difficult to achieve in the current system of tax incentives. High innovative activity ensures faster development of certain economies or industries, which makes it increasingly difficult for countries that fail to stimulate innovative activity to compete with them.

Realizing that only constant technological development can ensure the competitiveness of the economy, most countries in the last decade have significantly increased the volume and expanded the list of tax benefits to which enterprises engaged in innovative activity can claim. Today, even countries that strictly adhere to the principles of market economy and equality of the rules of

the game for all participants are actively introducing various fiscal tools to stimulate innovative activity.

Due to application of tax benefits, the state reduces expenses of enterprises on investments into innovations. However, if in the 1990s the state assistance was often limited to tax exemption for such investments, today, as the trend for expansion of fiscal support to innovation activity intensifies, the state actually subsidizes innovation projects. In some countries, the investor can compensate 20-25% of innovation expenses through tax benefits (“Дестимулирующие льготы”, 2013). Moreover, in many countries, small and medium-sized businesses, given their important social function, are provided with additional tax preferences, so the state support of their innovation activities is even more significant. At the same time, in another group of countries with a negative value of this indicator, including Ukraine, innovation activity is not only not supported by tax instruments, it is also taxed. And if in Sweden, Switzerland, Finland, Israel, Germany the absence of tax benefits is compensated by considerable amounts of direct transfers from the budget to support innovative projects, in Ukraine even this mechanism practically does not work (Oecd, 2018). Formation of supply of competitive innovative products, technologies and knowledge can be stimulated by the state by indirect methods, namely by appropriate tax, financial-credit, insurance, amortization components of innovation policy in general. The countries of developed market economies apply a flexible and ramified system of tax preferences (tax credit, write-off of research and development expenses from the taxation base, tax deferrals).

Improvement of the tax system is carried out for the purpose of creation of favorable conditions for realization of innovation activity (granting of the research and investment tax credit due to deferral of tax from profit on innovations; reduction of taxed profit by the amount of cost of devices and equipment which are transferred to higher educational institutions and research

organizations; preferential taxation of profit received as a result of use of patents, licenses and other intangible assets). For example, the experience of Canada, Belgium, Sweden, Italy and Australia shows that 100 % of R&D costs are withdrawn from the taxable income of companies (Organization for Economic Cooperation and Development United States Senate Committee on Finance, 2011).

The formation of sustainable investment demand for innovation will contribute to the improvement of financial and credit opportunities by: providing state guarantees to commercial banks that lend to priority innovation projects; establishing a reduced rate of mandatory reserves for commercial banks that implement preferential long-term lending of innovation projects; further development of the system of preferential refinancing of commercial banks that provide loans for the implementation of innovative

To reduce the risks of financing innovation activities it is reasonable to develop the innovation insurance system by introducing mechanisms of state insurance of innovation loans; state insurance of deposits of population which are accumulated for crediting innovation activities; development of the state insurance system of innovation activity risks through a specially created state or public-private insurance company.

Special depreciation regimes also form a favorable innovation climate. Strengthening of stimulating function of depreciation is provided by its targeted use and accelerated introduction of technical and technological innovations by granting privileges in accrual of depreciation by enterprises that are engaged in innovative activities. Different norms of accelerated depreciation are used for renewal of production assets - from 10 to 50%, and many countries allow writing off equipment during the first year of operation in the amount from 40 to 100% of the cost of its acquisition by companies (France, Italy, Great Britain, Germany).

Protection of intellectual property is one of the main elements of innovative activity, since it creates the possibility for innovators to profit from the implementation of innovations. The state of such protection, and above all the patent system, determines its stimulating or discouraging role in the innovative development of enterprises and organizations. The positive experience of the USA shows that the patent legislation in force for 200 years fully secures the copyrights to scientific and technical development and allows the owner of these rights to receive payment for the use of his invention.

This promotes innovation at its various stages, because the patent system incentivizes inventors by recognizing their creative contribution and using tangible rewards for the commercial use of their inventions.

To stimulate demand, developed countries have begun to apply regulatory restrictions on the useful life of equipment or the use of relevant technology, which can be set not only for manufacturers but also, in some cases, for consumers. These non-tax methods are an integral part of depreciation policy.

It is impossible to carry out external measures without the help of the government or international organizations. They are related to the actions of the Ukrainian government, both in international relations and in domestic economic relations.

3.3 Ways of increasing competitiveness of Ukrainian production

An important and effective way to purposefully improve the quality of products, their competitiveness in the global and national markets not without reason include the improvement of standardization as the main tool of fixing and ensuring a given level of quality. After all, standards and specifications reflect the current requirements of consumers regarding the technical level and other qualitative characteristics of products, trends in science and technology. Market conditions of economic management provide for the active and widespread use of organizational factors to improve product quality at all enterprises. Such factors include: the introduction of modern forms and

methods of organization and management of production, which enable the effective use of high-precision equipment and progressive (defect-free) technology; improvement of methods of technical control and development of mass self-control at all stages of production; expansion of ' direct economic relations between producers and consumers; study and introduction of positive experience accumulated by foreign and domestic enterprises in the design and manufacture of high-quality products and so on.

The general need is to develop and use a variety of forms and methods of active socio-economic influence on the entire low-level processes of forming and ensuring the production of high quality and competitive products. The forms and methods of economic influence on these processes are first of all a narrow system of forecasting and planning the quality of products, setting prices for certain types of goods acceptable to producers and consumers, sufficiently strong motivation to work for all categories of employees of the company, and social - full activation of the human factor, holding an incorrect personnel policy, creation of favorable working and living conditions.

An important element of marketing strategy and tactics is the establishment of prices for the products of the enterprise. Pricing is a complex process, which is influenced by a number of dynamic factors. Taking them into account, the formation of the price level includes the following stages:

- formation of requirements for pricing policy, based on the marketing objectives in relation to certain products;
- determination of demand for products and its dependence on the price;
- analysis of competition, prices and offers of competitors;
- calculation of the cost of production;
- choice of method of pricing and price setting.

In developing the price must take into account the tasks that the company sets for the prospective and current period. They can be different: entering a certain market segment, expanding market limits, obtaining maximum profit in

a short period of time, surviving under conditions of fierce competition or economic crisis and the like. Each of these tasks affects pricing policy and price levels. In some cases, prices are maintained at a high level (profit maximization in the current period), in others - at a low level (market conquest) or extremely low (survival). It is also necessary to take into account the state policy in the field of pricing, price regulation.

In pricing, the relationship between demand and price is of particular importance. The market economy is characterized by the law, according to which the demand depends on the level of price: its increase reduces the demand and vice versa. This dependence in economic theory is called the law of flood. At the level of the enterprise it should be specified, as a rule, in the graphic form concerning certain products and real conditions according to experimental data in the process of market research.

The effect of competition on the price level depends on the type of market. If the market consists of a large number of sellers of homogeneous products (pure competition market), each individual seller can not significantly affect the price level. It is formed in the market and determines the price level of the products of a particular seller. Somewhat different situation in the market, where many sellers of products of the same purpose, but different versions, modifications, levels of quality (monopolistic competition market). Here the prices are different, they depend substantially on the consumer, operating indicators of products, compliance with the requirements of consumers of a particular market segment, and advertising. However, as a result of the large number of sellers, the prices of their products have limited mutual influence.

3.4 Steps that need to be taken in order to improve competitiveness of Ukraine

For the renewal of the economy, which must become more productive, resilient and inclusive, it is proposed to conduct an economic transformation, using the possibilities of digital technology in the following priority areas of action:

1. introduction of strong principles of management, which are based on long-term forecasting and planning of the country's development, ensuring the strengthening of citizens' confidence in the actions of the authorities;
2. modernization of infrastructure, ensuring the acceleration of the transition to alternative energy, increasing access to energy resources and ICT;
3. transition to a more progressive taxation, rethinking the ways of taxing corporations, wealth, labor resources at the national level, agreed in international cooperation;
4. updating educational programs and increasing investment in the skills needed to create the jobs and "markets of the future";
5. rethinking labor laws and social protections to meet the realities of the new economy's workforce needs
6. expanding infrastructure for healthcare facilities and for the care of the elderly, children, and access to innovation to benefit people and the economy;
7. Encouraging the increased allocation of financial resources for long-term investment in development to strengthen stability and international integration;
8. Rethinking competition and antitrust laws to meet the requirements of the Fourth Industrial Revolution, ensuring access to markets both nationally and internationally;
9. Promoting the creation of "markets of tomorrow," especially in areas that require cooperation between public and private sector actors;
10. Encouraging more investment in research, innovation, and invention that can create new "markets of tomorrow";
11. Encouraging companies to embrace diversity, fairness, and inclusiveness to increase their creativity.

To address the issue of "digital divide" and uneven Internet access and penetration in order to ensure sustainable development, economic growth, environmental resilience and social inclusion, it is recommended:

- Approve a national broadband plan or strategy, identifying universal broadband access as fundamental to sustainable economic development and renewed growth of the nation's economy;

- to conduct state regulatory policy in the field of ICT, which would promote digital transformation in the country, form a competitive environment for telecommunications services, including broadband and provide opportunities for universal access to broadband throughout the country at affordable prices;

- ensure effective use of the radio-frequency spectrum;

- create a favorable investment climate to accelerate the attraction of the necessary amount of investment to build a modern, extensive telecommunications infrastructure;

- Ensure government involvement in financing the creation of universal access to broadband through a universal service obligation and government assistance to further expand infrastructure coverage in rural and remote areas of the country, as well as ensuring access to broadband services for people with disabilities, refugees and displaced people;

- consider monetizing existing public sector infrastructure assets that have attractive investment characteristics (through leasing or selling to the private sector) to free up public sector capital for investment in new infrastructure;

- Provide support for public-private financing of universal broadband connectivity, the introduction of innovative blended recreational and resilient financing models, and investment models for networks of all types; accelerate the formation of effective partnerships;

- involve the private sector more in investing in digital infrastructure development, thereby closing the need for investment in the country;

- Ensure that businesses and government work together to improve the resilience of existing infrastructure. The government and operators and providers must increase information sharing about critical infrastructure threats to learn and address key physical and system vulnerabilities in a timely manner;

- improve coordination between the public and private sectors regarding the design of critical infrastructure networks in urban planning and develop common emergency response plans for natural disasters, cyber attacks, and other crisis situations;

- Ensure, as much as possible in the current situation, stability in the political and regulatory environment, and implement risk mitigation steps for private sector investment in blended investments;

In order to effectively use the country's potential for innovative development and strive to achieve political stability and sustained economic growth, it is recommended:

- to pursue a clear policy regarding the promotion of innovation and the further development of education and science;

- to increase the country's integration into global value chains and innovation networks;

- Formulate public policy aimed at finding and attracting future talent, creating incentives for the maintenance of a skilled workforce in the country, which will be a crucial factor in strengthening the competitiveness of the country and achieving the growth of the welfare of the population;

- to balance technological integration and investment in human capital;

- improve the adaptation of talent, which in turn will require a well-functioning labor market that will protect workers, not jobs;

- build a talent pool and develop incentives to support employee motivation in the face of uncertainty.

CONCLUSION

On the one hand, it is quite obvious that the factor that hinders our development is the disgusting quality of public and political institutions, the lack of an effective judicial system and the rule of law, as well as the weakness of the regulatory environment, which does not allow us to create a normal competitive environment in the economy. We have serious gaps in the long-term vision of macroeconomic policy, because the country is still living beyond its means, the budget has a deficit, which is financed at the expense of foreign debt and domestic borrowing. The loans are eaten up and are not used for

investment. Therefore the investments necessary for increase of labor productivity (and it is the basic factor of competitiveness today), investments into science, education, and infrastructure if and arrive, on the residual principle and in insignificant volume. The country has a potential for the creation of a competitive economy: there is a good technological readiness of companies, quality of higher and secondary education. However, these factors are not used for the development of innovativeness. We urgently need investments in human capital - in science, education, and healthcare. It is absolutely clear that healthcare (just like education and science) cannot be seen in modern political practice as a leftover sphere, the coal industry, etc. It is a sphere of material production, and its main object is the human being. I.e. "repair" of a person, his health, the health of the nation as a whole are the factors on which the quality of the main asset that only exists in the Ukrainian economy depends.

Taking into account the above, the main directions of increasing the competitiveness of industrial enterprises should be the following:

- Formation of the national innovation system, which will provide the whole cycle of innovation creation, - from scientific research to its implementation and technology transfer;
- Formation of modern market mechanisms to create innovation infrastructure (telecommunications, venture capital funds, innovation clusters, technology transfer centers);
- Introduction of mechanisms for the protection of intellectual property rights and copyrights according to world standards;
- Creation of a business environment for national enterprises through the renovation and introduction of their production potential;
- provision of conditions for attraction of investments for modernization of production and improvement of competitiveness of enterprises;
- Modernization of the mechanism for the management of budgetary funds for development: the use of budgetary resources for development as a means of

attracting investment and their concentration only in strategic areas of development;

- preparation of a qualified workforce that meets the requirements of the international labour market

- creation of a system of cooperation between the private sector and the state, which can combine commercial interests of business with the solution of innovative national tasks.

It is wrong to say that Ukraine is losing its competitiveness. Despite significant losses of resources, scientific and technological and personnel potential and time, Ukraine still has prospects for achieving high competitiveness of the national economy in the world market if it implements its own strategy. But what Ukraine had was a unique opportunity to set a course for building up a competitive economy, competitive society and competitive country. At the very least, start moving in this direction.

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