

ECONOMICS

Competitiveness of Enterprises in a Sustainable Agribusiness Development

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Abstract. The problem of competitiveness of enterprises in the sustainable development of agribusiness in Ukraine is reviewed in this article. External and internal factors of competitiveness of agribusiness enterprises are specified. Reasonable conditions are suggested and justified in order to enhance the enterprise competitiveness in the context of sustainable development components of Ukrainian agribusiness.

Keywords: *competitiveness of enterprises, agribusiness, sustainable development, factors, competitiveness indicators.*

Introduction. Modern transformations of the agricultural sector of Ukraine is the foundation for integrated sustainable development of enterprises. The priority in this process is the problem of sustainable development of agribusiness enterprises. The reorientation of the economy of Ukraine to sustainable development requires preparation of an effective economic mechanism, economic research categories that characterize the economy of sustainable development. The concept of sustainable development implies certain limitations in the exploitation of natural resources, but these limits are not absolute but relative and related to the current level of technology and social organization, and the ability of the biosphere to cope with the effects of human activity [6, p. 109].

Negative trends in functioning of domestic enterprises of agricultural business, including strengthening economic, social, demographic, environmental imbalances, require a systematic study and solution to ensure a balanced development based on long-term growth when negotiating economic interests. It should be noted that despite a series of reforms, agricultural business lacks practices of adaptive enterprise development in the context of globalization and European integration, increased investment and innovation activity of business systems, worsening the impact of the crisis on a global scale. Therefore, the objective need is to have drastic changes in formation and evaluation of competitiveness of agribusiness enterprises. Competitiveness of enterprises is one of the most important categories of market economy and describes the possibility and effectiveness of enterprise adaptation to a competitive environment. The higher competitiveness of enterprises, the higher the efficiency of their business. Thus, increasing competitiveness of agricultural business is a priority of the agrarian policy of Ukraine.

Analysis of literary sources and statement of problem. The issue of theoretical and methodological bases of competitiveness of production is widely covered in works of scholars such as S. Kvasha, L. Shulha who defined the basic features of competitive products in the current economic conditions, including the impact of globalization. Problems of competitive advantages and competitiveness of enterprises are analysed in research of domestic scientists: Ya. Bazyliuk, V. Biloshapka, N. Harashchenko, V. Herasymchuk, V. Dikan, Yu. Ivanov, S. Pokropyvnyi, H. Skudar and others. Theoretical and practical aspects of the study of competitiveness in the market are reflected in the numerous works of foreign and domestic scientists: H. Assel, H. Azoiev, I. Ansoff, P. Kotler, H. Mintzberg, Peters, M. Porter, F. Taylor, A. Smith, H. Fayol, R. Fat-

khutdynov, A. Yudanov and others. However, in European integration and in the context of sustainable development of agricultural business in Ukraine, the issue of increasing the competitiveness of enterprises remain relevant and requires further study.

3.Objective of this article is study of factors and justification of conditions that improve competitiveness of agribusiness enterprises in sustainable economic development of Ukraine.

4.Materials and methods of research. Theoretical grounding is based on observations, grouping, analytic work at determination of the problems and tendencies of enterprise development competitiveness of agribusiness enterprises in sustainable economic development of Ukraine. Theoretical foundation of research was methodological and general scientific principles of complex studies.

5.Results of discussion. Agribusiness development is based on securing its competitiveness, which is the main condition for competitiveness of enterprises. That is why development of the mechanism of creation and competitiveness of enterprise determines its function in terms of sustainable development of the national economy. The concept of sustainable development is interpreted in different ways, but the essence is development functioning for different competitive needs - environmental, social and economic. The model of sustainable economic development in general, provides improved quality of life, including the ability to regenerate ecosystems. Sustainable development is interpreted as development of the society that makes it possible to achieve full welfare by uniting the environmental, economic and social objectives of the society, without exceeding limits of environmental impact [5, 17].

Thus, the main objective of sustainable agribusiness development is to provide the population with quality food, and industry with raw materials. Obviously, in view of the environment sustainable development of agribusiness will ensure the stability of biological and physical systems, reduce a destructive impact on the environment, improving agricultural landscapes. The main objectives of the social component of agribusiness is increasing the number of jobs that reduce unemployment and eliminate poverty, promoting social integration. The economic component of sustainable development of agribusiness is aimed at reducing the cost per unit of production in the rational use of natural potential. Therefore, in the implementation of the sustainable development model of the agrarian sector of Ukraine one of the important directions

is solving a number of issues related to creation of conditions for increase of competitiveness of agribusiness enterprises as a main driving force in ensuring the food security of this country.

S. Pokropyvnyi determines competitiveness of enterprises as the ability to effectively conduct business and profit over the long term [1]. T. Makarovska and N. Bondar argue that competitiveness of enterprise is its ability to produce competitive products through the efficient use of human and financial resources [3]. We define competitiveness as the ability to produce and sell products at a price not higher and the quality no worse than any other contractor in its market niche.

Competitiveness of enterprises is determined by high production efficiency products sold through modern equipment, technology, skilled employees and the ability to gain and maintain long-term stable market position, which is ensured through the effective use of the principles of marketing management.

The main conditions to ensure competitiveness of enterprises are as follows:

- application of scientific approaches to strategic management;
- ensuring the uniformity of technology, equipment, economics, management;
- using modern methods of research and development;
- consideration of relationship of management functions of any process at all stages of the product life cycle;
- forming a system of measures to ensure competitiveness of various objects.

Analysis of competitiveness in the market allows to study factors affecting the ratio of buyers to enterprise and its products, and as a result - change in the proportion of products in the market. All factors of competitiveness can be divided into external and internal ones (Fig. 1).

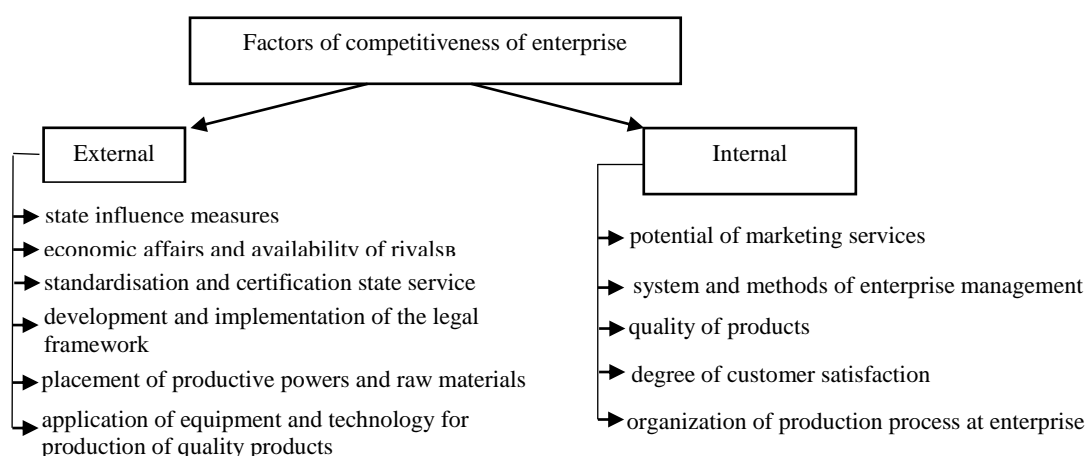


Fig. 1. Factors affecting competitiveness of enterprises in a sustainable agribusiness development

External factors of competitiveness of enterprise are manifested in social and economic and organizational relationship that allow enterprise to produce products that is more attractive upon price and non-price properties. Internal factors are objective criteria to determine the possibility of enterprise to ensure its competitiveness [4].

Assessing the impact of the environmental factors on competitiveness is conducted in the conventional manner and used to predict the possible development of an action plan for contingencies, development of measures that will transform threat to any profitable opportunities. For the analysis of macro factors often PEST-analysis (political, economic, social and technological factors) and SWOT-analysis are used, which help to identify threats and opportunities of enterprise, and set unfavourable factors that may reduce the efficiency potential of enterprise [4]. Internal factors of formation of competitive potential of agribusiness enterprises depend on enterprise and take into account their scientific, technical, personnel, production-technological, financial and economic potentials. Thus, in assessing, forecasting and management of competitiveness of enterprises it is needed to consider the whole set of internal and external factors that have affected or could potentially affect its formation.

For generalizing qualitative characteristics and evaluation of level of competitiveness of enterprise a system of

criteria is used which includes production, personnel, finance, marketing, management and other components of the enterprise potential, because competitiveness is assessed on the basis of comprehensive assessment methodology of competitiveness. In this case indicators of performance of enterprises are differentiated (Fig. 2).

Along with the above criteria of the efficiency of production, marketing and financial performance price and quality are also important indicators that define competitiveness in the commodity market of agricultural products.

Evaluation of competitiveness of enterprise can be made on the basis of analysis of its competitive potential, which is considered from the standpoint of resources to ensure competitiveness. Methodically indicators for evaluation of the competitive potential of agribusiness enterprises are grouped according to the following criteria:

- property state of enterprise;
- solvency, financial stability and business activity;
- efficiency of production, marketing organization and promotion;
- competitive product.

Specific indicators are included in the above-mentioned criteria groups rather detailed and studied in the economic literature. Selecting necessary for calculations indicators is made on the basis of the purpose of

evaluation of competitiveness of agribusiness enterprises. Reference model of competitiveness of enterprises is formed on the basis of the definition of standard indicators of these criteria groups taking into account global objectives and resources available to enterprise in order to achieve this goal. Evaluation of competitiveness, based on

an analysis of the competitive potential of enterprise, is supplemented by marketing research of external environmental factors of enterprise: input material arrangement, financial and information flows of enterprise; factors that determine the competitive market, the level of competition.

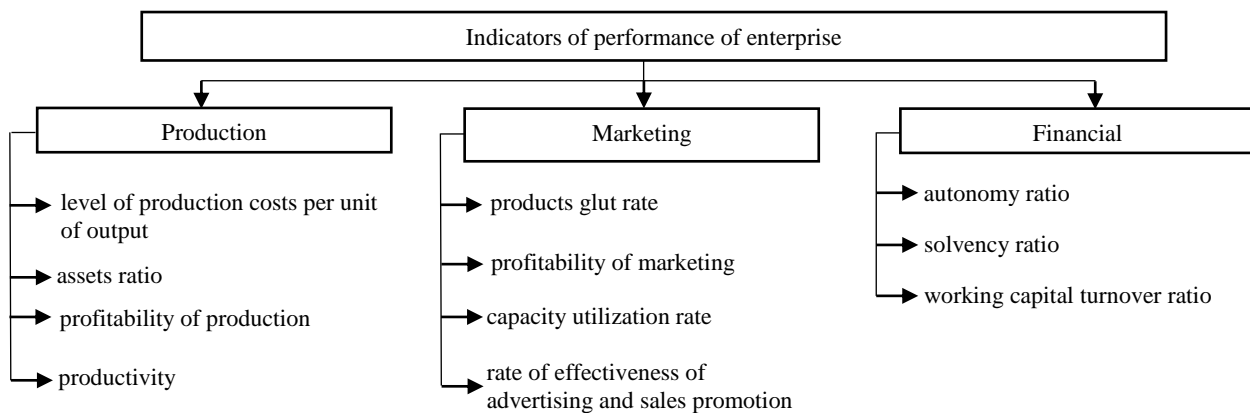


Fig. 2. Performance indicators that determine competitiveness of enterprises in a sustainable agribusiness development

Studies have shown that Ukrainian agricultural business, due to the nature of its formation and development, has a number of features, among which chief are the following:

- a combination by one enterprise of different activities, ensuring their flexibility and ability to quickly redirect their activities according to the market demands, responding quickly to changes occurring in external environment;
- in production four resources are used - land, labour, fixed assets and financial resources;
- there is a serious disadvantage which is the seasonality of the production process due to disparities through the working period and the production period which are manifested in the uneven use of labour and means of production, uneven distribution of production and income during year, with which the issue of obtaining credit in the financial institutions and the need to create additional insurance reserves of seed, feed, etc., are connected;
- average wages remain low in agribusiness enterprises, despite the fact that it is much less than the minimum wage set by law.
- enterprises are trying to solve the employment problem of population by creating new jobs, which is especially needed in rural areas;
- low development of serving infrastructure in rural areas, on the one hand, complicates the work of agribusiness enterprises, on the other - stimulates enterprises to cooperate for the purpose of production, processing and transportation of products;
- low base of technological base due to absence of upgrades, that is why more than half of fixed assets are worn, requiring increasing physical effort of employees of enterprises [4, p. 120].

So, we define the main problems of formation of competitiveness of enterprises in terms of economic, social and environmental components of sustainable development of agribusiness. Economic problems are attributed with difficulties in securing financing activities and its expanded reproduction due to lack of own funds, problems with obtaining secured property and available work-

ing capital. This is explained by large amounts of debt for previous loans, seasonal fluctuations in product prices and leads to the loss of most of enterprises. Social problems include poorly developed infrastructure and information systems, lack of awareness of entrepreneurs of new business approaches, the outflow of productive labour from the countryside. Environmental issues are aimed at reducing soil fertility and increasing erosion, reducing the acreage suitable for cultivation, depending on the climatic conditions of production.

O. Litvinova identifies the following main ways to improve competitiveness of enterprises:

- improving the quality of management;
- improving connections with external environment;
- implementing strategic marketing of "exit" and "entrance" of organization;
- improvement of innovation arrangement;
- introduction of new information, financial and accounting technology;
- analysis of resource input for each product stages of its life cycle and implementation of energy efficient technologies;
- improving the organizational and technical level of production;
- development of logistics and tactical marketing [2, p. 37].

6. Conclusion. In terms of economic transformation, the importance of competitiveness of enterprise that characterizes the ability and efficiency of its adaptation to a competitive environment is increasing. Poor infrastructure in rural areas, lack of knowledge of most entrepreneurs of new business approaches and outflow of productive labour from the countryside affect the level of production, specialization and concentration of enterprises. The favourable geographical position of agribusiness enterprises is their competitive advantage, which is the possibility of direct economic activity. Reduced soil fertility and increase of erosion, reducing the acreage suitable for cultivation and a high degree of dependence on climatic conditions are now the cause of loss of competitive advantage. Analysis of the impact of external and internal

factors on competitiveness makes it possible to reduce uncertainty and risk in the production and marketing of enterprise; improve the quality of strategic planning and forecasting production, and marketing activities of enter-

prise; increase competitiveness of enterprise and its products; maintain competitive position and increase the market share owned by enterprise.

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Конкурентоспособность предприятий в условиях устойчивого развития аграрного бизнеса

А. Н. Ужва

Аннотация. В статье рассмотрена проблема обеспечения конкурентоспособности предприятий в условиях устойчивого развития аграрного бизнеса Украины. Охарактеризованы внешние и внутренние факторы конкурентоспособности предприятий аграрного бизнеса. Предложены и обоснованы условия повышения конкурентоспособности предприятий в контексте составляющих устойчивого развития украинского аграрного бизнеса.

Ключевые слова: конкурентоспособность предприятия, аграрный бизнес, устойчивое развитие, факторы, показатели конкурентоспособности.