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DETERMINANTS OF COMPETITIVENESS OF SMALL AND MEDIUM-SIZED BUSINESS ENTERPRISES

*Butenko O. P., Candidate of Economic Sciences, Associate Professor,
Gromova A. V., Master (Kharkiv National University of Architecture and Building)*

The article deals with the problem of reducing the share of small and medium-sized enterprises, and also with a number of economic indicators of the country. Based on the research of a number of scientists, the authors developed a hierarchy of formation of competitiveness factors. Due to the fact, that small and medium-sized businesses provide rapid growth in the production of goods and services an opportunity to fill the budget and solve social problems, the authors examine the factors that hinder its development and emphasize the determinants that shape the competitive potential of small and medium enterprises. It is noted that the problem of improving the management of the competitiveness of small business can't be solved only within the framework of the small enterprises themselves, therefore the basic principles of growth of competitiveness of small business in Ukraine are determined. The emphasis places on the need to create tools for managing the competitiveness of enterprises to ensure that the directions of the overall transformation of the national economy. The importance of the development of the investment-innovation sector of the economy and the necessity of product innovations for firms is emphasized. Also, the competitive potential depends on the potential of the enterprise itself and the manager's ability to use strategic management. The necessity of applying the system approach and coordination of actions at all levels of management of the national small business, which is the subject of future research is substantiated.

Key words: *small and medium-sized enterprises (SMEs), competitiveness determinants, meso-level factors, macro-level, competitive potential.*

ДЕТЕРМІНАНТИ КОНКУРЕНТОСПРОМОЖНОСТІ ПІДПРИЄМСТВ МАЛОГО ТА СЕРЕДНЬОГО БІЗНЕСУ

*Бутенко О. П., к.е.н., доцент,
Громова А. В., магістр (ХНУБА)*

У статті розглянута проблема зниження частки малих та середніх підприємств, а разом з цим і ряду економічних показників країни. Спостерігається негативна динаміка розвитку яка проявляється у зниженні показників кількості найманих та зайнятих

працівників, кількості суб'єктів господарювання та кількості реалізованої продукції, що і стало підґрунтям дослідження. Спираючись на проведені дослідження ряду робіт науковців, авторами розроблена ієрархія формування чинників конкурентоспроможності. У зв'язку з тим, що малий та середній бізнес забезпечує швидке зростання виробництва товарів та послуг й надає можливість наповнювати бюджет та вирішувати соціальні проблеми авторами досліджені чинники, що гальмують його розвиток та зроблено акцент на детермінантах, що формують конкурентний потенціал малих та середніх підприємств. Зазначено, що проблема поліпшення управління конкурентоспроможністю малого бізнесу не може бути вирішена лише в рамках самих малих підприємств, тому визначені основні засади зростання конкурентоспроможності малого бізнесу в Україні. Акцентовано увагу на необхідності створення інструментів управління конкурентоспроможністю підприємств для забезпечення яких конкретизовані напрями загальної трансформації національної економіки. Підкреслено важливість розвитку інвестиційно-інноваційного сектора економіки та необхідності нововведень продукту для фірм. Також конкурентний потенціал залежить від потенціалу самого підприємства та уміння керівника використовувати стратегічне управління. Обґрунтовано необхідність застосування системного підходу та координації дій на всіх рівнях управління національним малим бізнесом, що є питанням майбутніх досліджень.

Ключові слова: *малі та середні підприємства (МСП), детермінанти конкурентоспроможності, фактори мезорівня, макрорівня, конкурентний потенціал.*

ДЕТЕРМИНАНТЫ КОНКУРЕНТОСПОСОБНОСТИ ПРЕДПРИЯТИЙ МАЛОГО И СРЕДНЕГО БИЗНЕСА

**Бутенко А. П., к.э.н., доцент,
Громова А. В., магистр (ХНУСА)**

В статье рассмотрена проблема снижения доли малых и средних предприятий в Украине. Исследованы факторы, тормозящие их развитие и детерминанты, формирующие их конкурентный потенциал. Обоснована необходимость применения системного подхода и координации действий на всех уровнях управления национальным малым бизнесом. Определены основные принципы роста конкурентоспособности малого бизнеса в Украине.

Ключевые слова: *малые и средние предприятия (МСП), детерминанты конкурентоспособности, факторы мезоуровня, макроуровня, конкурентный потенциал.*

Introduction. Small and medium-sized enterprises play a crucial role in the country's economy and its economic development. According to the indicators of structural statistics of the economic entities, in 2017 their number is estimated at 16% out of the total number of enterprises, and the volume of sales is estimated at 5.7% of the total for the same year [1]. At the same time, the dynamics of development when compared with 2010

decreased by all indicators: the number of employees and employed workers, the number of economic entities and the number of products sold. The reduction of the indicated statistics has a number of reasons, including political ones, such as the annexation of the Crimea and hostilities in the Donbas Region. It is a well-known fact, that the share of small and medium-sized businesses is an indicator of the effective economy of the country as a

whole. For example, in the European Union, the share of small and medium-sized enterprises (SMEs) is over 99% of all enterprises, over 100 million jobs (67% of the private sector) [2]. The country's own experience and analysis of other countries' experience make the development of SMEs as well as the search for changes in the methods and approaches for the small and medium-sized businesses management necessary.

Analysis of recent researches. The components of small and medium-sized enterprises competitiveness was considered by many researches. For example, V. Malyovy notes that the small business doesn't mean small in its value. Such enterprises provide a rapid increase in the production of goods and services and provide an opportunity to renewing the budget and solving social problems [3]. According to S. B. Bliznyuk and A. V. Ostapenko, the potential of the enterprise is an internal potential, while the competitive potential is an external-internal potential. From the potential of the enterprise to the competitive potential fall only competitive advantages. At the present stage the most important problem for Ukrainian enterprises is their survival and further development. The basis of its effective solution lies in formation and implementation of competitive advantages [4]. Y. A. Zhalilo states the inhibitory factors of the development of SMEs. There are disorderly relations of property; narrow markets; undeveloped market infrastructure and sales infrastructure of enterprises; undeveloped competitive environment and unfair competition; payment crisis; lack of own working capital and low availability of credit resources; lack of investment resources, lack of motivation for investment and innovation activities; insufficient professional qualification of management of enterprises, specialists in financial security, organization of production and sales; the absence of economic mechanism for combining the interests of the state and entrepreneurs, the weak interaction of state and business structures; deficit of probable business information for making strategic decisions at the micro level [5]. At the

same time, the factors that shape the competitive potential of small and medium-sized enterprises needs further researching.

The study purpose: to state competitiveness determinants of small and medium-sized businesses and further determination of the directions of the general transformation of the national economy to ensure increased competitiveness of enterprises.

The main part of the study. Contrary to large enterprises, SMEs have considerably less resources (inventories, number of employed workers, major production and non-productive assets, and less opportunities of creating different types of products, innovative and investment opportunities). Survival and development of competitive environment forces the managers of such enterprises to gain new knowledge and high managerial skills.

In the hierarchy of competitiveness factors R. I. Zhovnovach identifies three groups: macro and meso level factors that are external and micro factors (internal). Among the internal factors of competitiveness, the author notes the following: factors of enterprise potential and factors of product competitiveness. The competitiveness factors of the potential of the enterprise include production potential, technical and technological potential, marketing potential, financial potential, organizational potential, labor potential and innovation potential. Factors of product competitiveness include the quality of the products, the quality of the service products, the product consumption and the marketing promotion products [6]. The author proposes the following formation hierarchy of competitiveness factors (fig. 1).

The proposed determinants of the of small and medium-sized businesses competitiveness are the potential for innovation; the degree of dominance at the market; the originality of product/service, brand, image; the technology level of the production process; a local competition. The factors that shape the competitive potential can vary in value and adapt to market requirements.

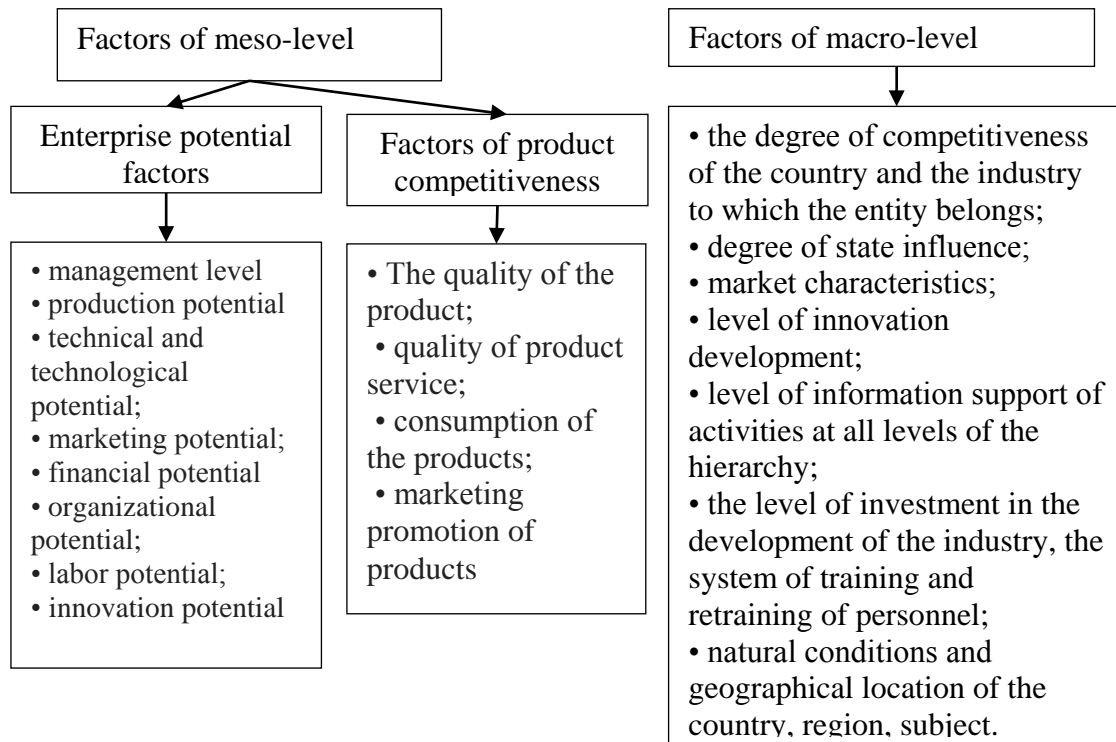


Fig. 1. Factors of formation of enterprise competitiveness [6, 7]

Also, should be noted that the problem of improving the management of the competitiveness of small business can't be solved within the level of the small enterprises. System approach and coordination of actions at all levels of national small business management are necessary. Therefore, the following basic principles for increasing the competitiveness of small businesses in Ukraine can be identified:

– firstly, the implementation of system approach involves the development and implementation of measures at three levels of small business management - microeconomic, mesoeconomic and macroeconomic. In such a case, the higher level of management creates conditions for actions at a lower level, the effectiveness of which, in turn, contributes to the growth of competitiveness at a higher level. Ensuring national small and medium-sized businesses competitiveness forces the creation of tools for managing the competitiveness of enterprises. In this regard, it should be noted that in the rating of business, it selects the economies that in 2016/17 implemented regulatory reforms making it easier to do

business. “Doing Business 2018” determined that Ukraine had risen to 76 out of 80 out of 190 participating countries. According to the analysis of the World Bank there are such positive reforms: Ukraine worked with construction permits (simplified, reduced; strengthened minority investors, protections by requiring detailed, immediate public disclosure of related party, transactions.), paying taxes (Ukraine made paying taxes easier by reducing the rate for the unified social contribution tax) [4].

– secondly, the formation of competitive advantages at Ukrainian small enterprises should be based on mechanisms of mesoeconomics. At present, there are many processes at the sectoral, regional and quasi-corporate levels, without which it is impossible to achieve the competitive advantages of a small business. These processes are least involved in the Ukrainian economy at present;

– thirdly, the meso-competitiveness of domestic small business must necessarily use the competitive advantages that are created and maintained in close connection with the territorial conditions.

The erosion of sectoral boundaries and the destruction of sectoral management determine the relevance of territorial localization of business and the promotion of the creation of modern meso-level competition subjects in a regional level.

– fourthly, the local business-landscape should be formed within the new "cultural and economic" regions. Consolidation of small enterprises can take

place within the framework of new "cultural and economic" regions on the basis of network principle, as the formation of a kind of megacorporation of suppliers, subcontractors and competitors [5].

Therefore, It's necessary to point out the main transformation directions of the national economy transformation to ensure the growth of small enterprises competitiveness (fig. 2).

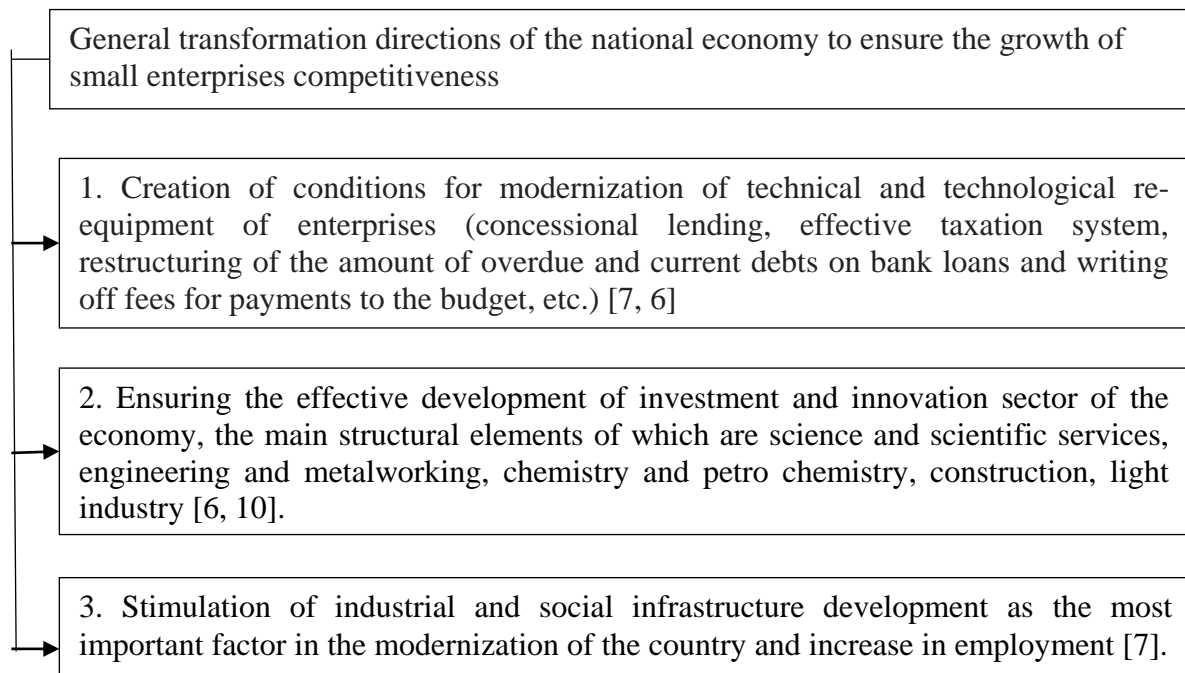


Fig. 2. General transformation directions of the national economy to ensure increasing of small businesses competitiveness [7, 6, 10]

Currently, there is increasing of competition, reduction of product life cycles, so consumers' fast changing of needs and tastes as well as increasing technological capabilities forced by the necessity to meet customers' needs explain the importance of investment and innovation sector the economy and the need for product innovations for firms. It is known that small enterprises do not have sufficient financial support or high-performance equipment, but may benefit from their flexibility and small size, the ability to quickly respond to volatility of demand, and provide highly specialized services [8].

Conclusion. Understanding strategic management of competitive advantage gives entrepreneurs the ability to efficiently allocate

resources for the purpose of using innovations, innovative technologies or creating a unique product/service. Unfortunately, nowadays, operational management, based on tactical plans with a short planning horizon, is widely used among small and medium-sized business enterprises. An enterprise should consistently and profitably produce products that meet the requirements of open market in terms of price and quality. Competitiveness of an enterprise is one of the necessary conditions for successful survival at the market, however, high competitive potential is not a result of competition. The complex phenomenon of competition is possible only among the competitive entities.

Summarizing results of the research, it would like to note that the formation of competitive potential depends on the potential of enterprise and the manager's ability to use strategic management.

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