8. Theoretical and methodological principles of the implementation of state policy to ensure the competitiveness of the real economy sector

In the conditions of globalization of the world economy and the emergence of competitive relations to a new level of weight in the practice of foreign economic activity and in its theoretical coverage is the problem of competitiveness of different countries and states in the world market. The concept of “country competitiveness” was introduced into the scientific circulation by M. Porter in 1990 [13].

Competition in a free market is a self-sacrificing, self-supporting and self-regulating phenomenon, which is objectively inherent in market relations and relationships [3]. In this sense, it can be argued not so much about external management of competition, but about adapting to competition.

Investigating the issue of managing competition in the markets on the part of the state, it is necessary to take into account the limited capacity of the authorities and the more economic structures to influence competition at the level of international, regional and local markets.

Analyzing the problem of competition from this point of view, it is more legitimate to consider it from the side of influence on competitive processes (competition management), or more in the context of the development of opportunities of economic entities to participate in competition, to strengthen their competitive position in the markets.

In this approach, the focus should be on the competitiveness of economic agents, economic agents, and the object of studying the theory and practice of management becomes the management of the competitiveness of participants in competitive market relations.

In scientific works, you can also find many definitions of the concept of “competitiveness”, although in the content of this category it is clear that the question in any case refers to the ability of the subject of economic activity to compete in the markets.

Neoclassical theory, developing the theory of behavioral approach, defines the content of competition as a struggle for rare economic benefits. So, according to the American economist P. Heine, “competition is the desire to satisfy the criteria for access to rare goods as best as possible” [2].

A structured approach defines the content of competition by the type of market and those conditions that prevail in the market, and the functional approach shifts the consideration of the economic essence of competition in the direction of studying its role in economic development.

Accordingly, one can conclude that there is a need to distinguish between the generic notion of “competitiveness” and private concepts – “product competitiveness”, “enterprise competitiveness”, “region competitiveness”, and “country competitiveness”.

In our opinion, competitiveness can be defined as the property of the subject of competitive relations, which characterizes the level of real or potential provision of certain needs in comparison with similar objects available in such a market.

Such types of competitiveness in terms of managerial approach form a hierarchy in which the ability to compete at the system level is determined by the competitiveness of the subsystems that are part of it.

At the same time, each level has its own ability to influence competitiveness. It is necessary to emphasize especially the conditionality of the competitiveness of manufactured products by designing of construction, production technology. It is the quality of the product and the cost of its production most depends on the implementation of scientific research, design, technological support of the production process.

Identification of competitiveness at different levels of national economy management also determines the peculiarity of a set of management methods at each of these levels, the specifics of microeconomic and macroeconomic management, the country's ability to compete as an economic system, certain industries, territories, and corporations.

Public administration in the field of competitiveness envisages economic, organizational and administrative, moral and psychological influence of the subjects of state administration on the processes of designing, manufacturing, marketing, consumption of goods and services, and participants in such processes, which are carried out to strengthen positions in the markets, increase volumes sales, revenue based on competitive advantages. The latter include higher technological standards, product quality, lower prices, production and turnover costs relative to competitors.

The state management in the field of competitiveness at the microeconomic and macro levels, focused on its increase, includes:

- Support of scientific research, design, technological development tests in the state programs of scientific and technical, as well as technical and technological development;
- Participation of the country's government in professional training, improvement of the level of qualification of labor resources;[17]
- Public participation in the search, distribution, transfer of positive global experience of production and market sales;
- State support for the development and application of resource-saving technologies for the production and circulation of products;
- Quality management of goods and services on the basis of development and adoption of state quality standards, certification procedures for products;
- State support for the promotion of goods and services of national producers to foreign markets, expansion of market sectors, protection from monopoly entities.

It should also be noted that the government can resort to measures to improve the competitiveness of products through the promotion of high quality, regulation and control of quality criteria, the determination of tax rates and tariffs that increase the competitiveness of opportunities of national producers.

Competitive advantages are connected with the category of competitiveness. In accordance with the levels of the concept of competitiveness, carriers of competitive advantages can be divided into three main groups, each of which characterizes the hierarchical level of formation of the category of competitiveness: micro level –

goods (specific types of products and services); meso level – separate enterprises, firms, their corporate associations, branches, industry complexes; macro level – national economies of individual countries.

At each of these levels, different content of the competition process itself and the range of factors that form micro-, meso- and macro levels of competitiveness are formed. Each of the above concepts of competitiveness is described by its set of indicators and, accordingly, the process of its increase requires a specific approach for each level [10, p. 515].

In accordance with the proposed structure of the concept of competitiveness, at each of the levels formulated its various definitions: micro competitiveness – a set of factors that provide goods in the advantage of their exchange for money in the domestic and foreign markets; meso competitiveness – a set of factors that ensure a steady level of production and sales of competitive goods in the domestic and foreign markets; macro competitiveness – combination of factors, strengthening and development of the national reproductive framework, which provides long-term advantages of the country in the world economy in comparison with other countries [10, p. 521].

In general, the whole set of competitive advantages can be conventionally divided into three groups: resource (the possession of resources of a special quality or quantity (natural or acquired), operational (characteristic of the degree or efficiency of the use of available resources), programmatic and strategic (the existence of a particular development strategy of the subject of the carrier competitive advantage, quality of this strategy) [8].

In the process of developing competitive market relations, the types of benefits are complicated from resource to strategic and the last one (strategic) are becoming more and more important [11].

Today, the competitive struggle is actually turning into a strategy of struggle at almost all levels, and the strategic component is, in essence, the leading characteristic of competitiveness [6, 7].

Competitiveness is a concept associated with the formation and using of the marketing potential of entity, therefore, its formation and implementation can be effectively carried out only under a specific program, plan or according to a pre-designed strategy. Therefore, the development of anti-crisis strategy in the competition is the main and starting point for such a struggle. So, we can conclude that if there is no competitive strategy, then there is no competition [11].

In accordance with these provisions, the development of an anti-crisis strategy may consist of the following main stages (Fig. 1): assessment of the position of the object of competition (product, enterprise, country); forecast of changing conditions of the competitive environment; development of a strategic plan of action with variants of reaction to various forecast situations.

All these elements remain relevant to any level of competitive struggle. Accordingly, the more complex and larger the subject of this struggle, the more important and complex becomes the task of forming an anti-crisis strategy already at its initial stage – at the stage of evaluating competitive positions [14].

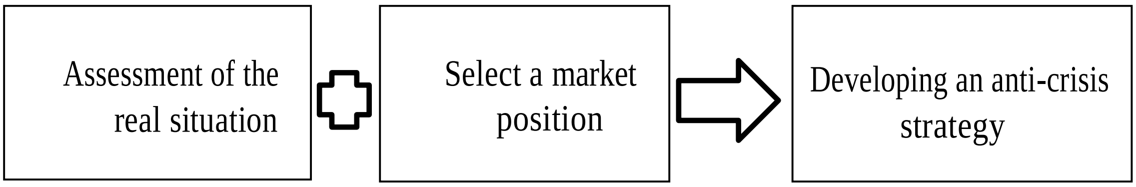

Fig. 1. The main elements of developing an anti-crisis strategy (developed and substantiated by the author)

One of the main tasks of implementing strategic decisions is to change the balance in the allocation of competitive forces in favor of goods, companies, industries or countries in order to increase their competitiveness. The country needs an assessment of the whole set of socio-economic, national-cultural and military-political characteristics, which can in one way or another affect its competitive position in the world. In this case, the qualitative assessment of its position as a subject of competition in the global world economy is especially important. The main task of developing an anti-crisis strategy is to identify the strengths and weaknesses of the competing entity [14].

When developing and implementing a strategic plan or program, it is important to consider two conditions: firstly, once a plan has to be continuously updated and adjusted in accordance with changing conditions. Sequence and flexibility - two main conditions that ensure the stability of the strategic line; secondly, the strategy should be implemented steadily, that is, changes should not affect the essence of the strategic plan. In the process of implementing anti-crisis strategy, program corrections may be allowed, but don't violate the very essence of the strategy [14].

There is also a rigid principle: deviations from the crisis strategy are possible only if these deviations contribute to the emergence of a new strategy; otherwise, such retrenchment deprives the subject of competition of strategic advantage.

To this, some economists believed that the competitiveness of the country – a category of macroeconomy, which is achieved through such instruments as exchange rates, interest rates, balance of payments balance, others – rich natural resources, cheap labor, etc. A satisfactory explanation for the competitiveness of countries did not provide any of these approaches because of a significant part of the exceptions.

In addition, the author argues that the only basis of competitiveness of an individual country is the productivity (in his interpretation of "the effective use of labor and capital") [1, p. 135]. The standard of living in a particular country is measured by a general indicator, such as national income per capita. It was adopted as a basis for determining its competitiveness in the global economy.

By the end of the 20th century, the concept of "international competitiveness of the countries" was firmly established in the economic literature, and the corresponding theory contained an answer to the main question that was posed by the states, especially the small industrial countries, in the early 1990s: whether there are prospects for a "national territory" under globalization and the accompanying regionalization of the world economy. The author of the theory has developed a system of indicators that determine the international competitiveness of individual industries over a long period of time.

To answer the question of why the country succeeds in international competition in one or another field, an attempt was made to submit it in the form of a system of four indicators (for example, “competitive rhomb”) that are general in nature and form an environment in which local enterprises compete. The four summits of the rhomb combine groups of rather diverse factors that could be distinguished on the basis of an interdisciplinary analysis, combining the results of research with rarely “combined” disciplines: technological innovation, industrial economics, economic geography, international trade, political science, industrial sociology, and even management. The need for such an interdisciplinary approach is explained by the complex nature of the system of modern international economic relations.

Porter's “competitive rhombus” includes a system of four groups of indicators: factor conditions, conditions of domestic demand, related and supporting industries, structure and strategy of the enterprise, intra-industry competition [12].

The first group represents the part of the theory that is closest to the classical theories of foreign trade (D. Ricardo) complemented by the inclusion of differences in technology, the quality of factors and methods of competition. Thus, the list of factor conditions included in the neoclassical tri-factor model of Heckscher and Olin was expanded.

The main idea is that the main factors for competitiveness of the country are not inherited, but created (the most important is the effectiveness of the use of factors – the pace of their creation and the mechanisms for their improvement).

The second important point is the classification of factors on the basis and developed, general and specialized. In order to provide competitive advantages on the world market, the factor should be highly specialized, adapted to the needs of a particular industry. Specialist factors are much harder to copy, and they usually require large, long-term investments. Therefore, the lack of certain basic factors may not be a weakness, but a strong side in the competition, prompting companies to innovate and improve.

The second group in the competitive diamond is the conditions of domestic demand (play an important role, despite the globalization of competition). At the same time, the greatest importance is not the volume of domestic demand, but its quality and relevance to the trends in the development of demand in the world market. They have an advantage in the competitive struggle of a country where the development of a particular market segment has been given more attention due to special internal conditions, while the demand for these products in other countries was still low.

Demand conditions that are specific to a given country can force companies to finance innovation. The key to understanding which country is the most experienced and demanding customers may be national preferences. Sometimes national preferences are not a cause but a consequence of the development of a highly competitive national industry.

It is very important that this national increased demand foresees the future demand of the world market. In this case the volume and nature of the development of domestic demand can strengthen the competitive advantage of the industry. The large domestic market has an impact on investment decisions in those industries where large scale economies, high Research & Development needs and high degree of uncertainty. The advantage of a large market is also the presence of internal competition on it. In other circumstances, a large domestic market may turn out to be not good, but evil: firms lose incentives for constant renewal and improvement [16].

The third important determinant of national competitive advantage is related and supporting industries. Half-finished and auxiliary equipment of high quality comes from here. Recently, this determinant has been given more attention due to certain features: usually not individual industries are competitive, but “groups” or “clusters” of industries where companies integrate horizontally and vertically. After all, these “clusters” tend to concentrate within a limited geographical area.

There is also the main catalyst of the whole system – intra-industry competition in this group of factors. Since the ”rhombus” functions as a system, the absence of this condition can paralyze its functioning. The presence of domestic competitors is a more stimulating factor than foreign competition. Inside, they are on an equal footing with regard to raw materials, labor costs, and legislation. This provision is in contradiction with the widespread ideas that it is necessary to save on scientific research, to concentrate efforts, supporting “national champions”, uniting the companies.

Determinants that determine national preferences create a special internal environment in certain industries. However, in the history of the majority of successfully competing industries, events that have little in common with the conditions of development in the country play a significant role. Randomness in rhombus is marked with a dotted line (along with the state).

Random events are important because they change the position of competing companies. At the same time, national peculiarities influence how the country will be able to take advantage of this devastation. The ability of inventions or ideas to translate into a globally competitive industry is largely determined by the “rhombus”. The state is not included in the main determinants of rhombus and is only marked with a dotted line, in connection with the supposedly negative impact of direct state interference on competitiveness. In our opinion, the main function of the state is the role of a catalyst. It can’t create a competitive industry. This is the business of companies and firms.

The state should induce (even forcing) the company to set higher goals and rise to new, higher levels of competitiveness. However, the role of the state, with the exception of the first stages of international competitiveness, should be indirect. This, in our opinion, greatly devalues the theory of the competitiveness of countries.

Determinants of national competitiveness are a complex system that is in the development stage. One factor constantly affects others that determine an environment that is difficult for foreign competitors to reproduce. National advantages arise when the whole system is unique. The interdependence of determinants plays an important role, while the system is difficult to duplicate. This is the main advantage of the industry in which this country creates a “competitive rhombus”.

Progress in the economy is not inevitable. Many countries can’t move from the first or second stage. Not only the theory of competitiveness of the countries of the world, but also the competitive experience of the leading countries of the world, is important for the development of the state crisis management strategy. Thus, the experience of the leading countries can be used to increase the competitive advantages of Ukraine [15].

An analysis of the dynamics of the international competitiveness of individual industries makes it possible to classify individual countries in terms of the competitiveness of their industry in the global economy. The crisis in the Ukrainian economy and the reduction of production of the most promising products have led to the fact that the competitiveness of the country in the world market didn't increase, but decreased and was reduced to a narrow range of industries.

The main weak link in Ukraine is an inadequate level of internal competition, historically caused by the presence of a state monopoly and planned economy for a long time, and the closure of the national market. An obstacle to competitive relations is the policy of privileges and privileges for inefficient enterprises due to the high level of corruption, low quality of administrative management.

Lack of high-quality legislation hinders the creation of a new business and entry into foreign markets, while skilled workers are trying to get y known commodity or foreign companies. Insufficiently developed demand and the presence of monopolies also do not promote the development of competitive relations, the lack of which complicates the international success of most large companies.

Weak competitive relations in many industries don't contribute to the improvement of the quality of labor force, the creation of a new business, the expansion and deepening of clusters, that is, the improvement of the entire system of "rhombus". In recent years, new firms appear in the areas where competition is developed (in IT technologies and services).

In a crisis, the state, with the help of economic policy instruments, tries to counteract fluctuations in the economic situation. We agree with leading economists that a certain amount of free capital is needed for the rise of the economy, which, if sufficiently capable, is driving the industry, first of all, in the main industries producing the means of production and free resources in the future necessary for the recovery.

We propose to use the modernization approach in the process of implementation of the state policy of the crisis-based development in the real sector of the Ukrainian economy, namely, the modernization approach which means designing new systems taking into account similar domestic and foreign experience. In order for the modernization doesn't turn into a destruction of design should take place in three stages:

1) Development of a detailed concept of transformation in the relevant field;

2) The implementation of the concept of transformation on social models (on local examples);

3) Mass implementation – replication of successful models with the gradual replacement of former systems [9].

Modernization involves the determination to create a new society (in the form of epicenters of a "new life") without the preventive revolutionary destruction of the old one. Actions to implement modernization measures at the government level are as follows:

1. Diversification of the economy, support of domestic demand, creation of new modern enterprises (formation with participation of state corporations and other development institutes and banks with state support);

2. Stimulation of innovation activity in the economy (creation of an advisory body under the Government for modernizing the country's economy); [4]

3. Development of key high-tech and infrastructural sectors of the economy (aircraft building and space industry, defense industry, electronics and transport system); [5]

4. Formation of long-term lending in the economy (strategic direction of the policy of state banks to ensure long-term investment investments into the economy);

5. Modernization of the financial system of Ukraine (increasing the attractiveness of financial markets, supporting insurance, creating conditions for increasing lending activity and capitalization of the banking sector).

6. Development of human capital (improvement of health care systems, education);

7. Restructuring of the state sector of the economy, activation of privatization and reforming of the budget sphere;

8. Expansion of the volume of provided liquidity, scale of budget stimulation of the economy, gradual transition to the policy of post-crisis development and the formation of stable macroeconomic conditions for perspective economic development.

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