

СЕКЦІЯ 8

МАЙБУТНЄ КОНКУРЕНТОСПРОМОЖНОСТІ: РОЗУМНЕ УПРАВЛІННЯ, РОЗУМНІ ТЕРИТОРІЇ, РОЗУМНИЙ БІЗНЕС

UDK 339.137.2:339.56(477)

Ovsak Oksana

PhD (in Economics), Docent

Associate Professor of the Department of Management of Foreign Economic Activity of Enterprises
National Aviation University
Kyiv, Ukraine

DIRECTIONS OF STRENGTHENING THE COMPETITIVENESS OF UKRAINE'S ECONOMY

In the current conditions of globalization, the issue of forming and maintaining the competitiveness of the national economy is particularly acute. The rapid development of advanced technologies contributes to the fact that the main factor is innovation, and international integration processes enable their development, financing, production and development. Therefore, the study of the competitive position of the national economy is currently particularly relevant.

Based on the analysis of general trends in the evolution of the concept of competitiveness of the national economy and systematization of the main features, it was found that the competitiveness of the national economy is a complex category that includes the country's ability to compete with other countries based on the efficient use of available and borrowed resources, ensuring economic growth of the country.

Qualitative and quantitative characteristics of competitiveness are of fundamental importance for assessing national economies effectiveness functioning as part of the world economy. Quantitative characteristics are based on mathematical and statistical methods of indicators' analysis usage. For the most part, these applies to market volumes in monetary or physical terms, prices, costs, as well as factors influencing them. In such researches, this method is used, for example, by consulting firms, whose main task is to assess the competitiveness of different countries, put forward specific feasibility studies for different methods and approaches to improve them. It is also important to add that quantitative analysis is always complementing by the qualitative one, because not all factors and mechanisms of competitive advantages growth and accumulation of competitiveness potential can be measured quantitatively.

In total, the GCI consists of one hundred and thirteen variables, the analysis of which allows us to characterize the state of competitiveness of national economies that are at different stages of their systemic development.

The main focus of the GCI is to determine the potential for economic growth of countries in the long and medium term, taking into account their level of development. In essence, the GCI is a unique means of objectively assessing the peculiarities of economic development and identifying the necessary reforms, the implementation of which will increase the level of the state compared to the previous year.

Studies have shown that now in international practice, two main schools of national competitiveness rating have been formed, namely: "Harvard-Davos" (World Economic Forum) and "Lausanne" (International Institute of Management, IMD). The actual ranking of countries by their level of competitiveness was initiated by the World Economic Forum in 1979. Since then, global development has contributed to a rethinking of different approaches and methods for assessing national competitiveness. The Global Competitiveness Report and the World Competitiveness Report are published annually [1,2]. Such indices as the index of ease of doing business and the

index of economic freedom are informative in determining the economic and legal conditions for the development of national economies [3, 4].

Based on the use of data from open sources on the values of indices: competitiveness of the world (IMD), global competitiveness (GCI), ease of doing business (The World Bank index), economic freedom (The Heritage Foundation index) for Ukraine from 2016 to 2019 the analytical table 1 was made, which contains both the values and the positions of the indices of Ukraine among all countries in the world. Fig. 2 shows the dynamics of integrated indices of international competitiveness of Ukraine for 2016-2019.

As presented in Table 1, Ukraine showed a slight improvement in the competitiveness indices for the period 2016-2019, in particular, the values of the index of ease of doing business Ukraine provided steady growth over the period from 63 to 69. Economic freedom in 2018, Ukraine ranked 150th out of 180 countries, receiving 51.9 points out of 100 possible, falling into the category of "mostly in the lap". According to 2019 data, the index of Ukraine increased slightly - amounted to 52.3 points, respectively, the country took 147th place.

Table 2. Integrated indices of Ukraine's international competitiveness and its position in 2016-2019

Integrated international competitiveness indices	Years							
	2016		2017		2018		2019	
	Index	Position	Index	Position	Index	Position	Index	Position
World Competitiveness Index (IMD)	46.51	60/61	56.13	59/63	56.76	59/63	57.1	54/63
The World Bank index - WBI	63.04	83/189	63.90	80/190	65.75	76/190	69.1	64/190
Global Competitiveness Index (GCI)	4.0	85/138	4.11	81/137	57.0	83/140	57.9	85/141
The Heritage Foundation index - HFI	46.8	162/178	48.1	166/180	51.9	150/180	52.3	147/180

The analysis of the dynamics of Ukraine's competitiveness indices and its position in world rankings revealed a slight improvement in the competitiveness indices themselves for the period 2016-2019. The assessment of the level of Ukraine's international competitiveness according to the components of the GCI calculation made it possible to see the areas in which the country has advantages that increase the overall value of the index, as well as areas in which to improve Ukraine's economic system.

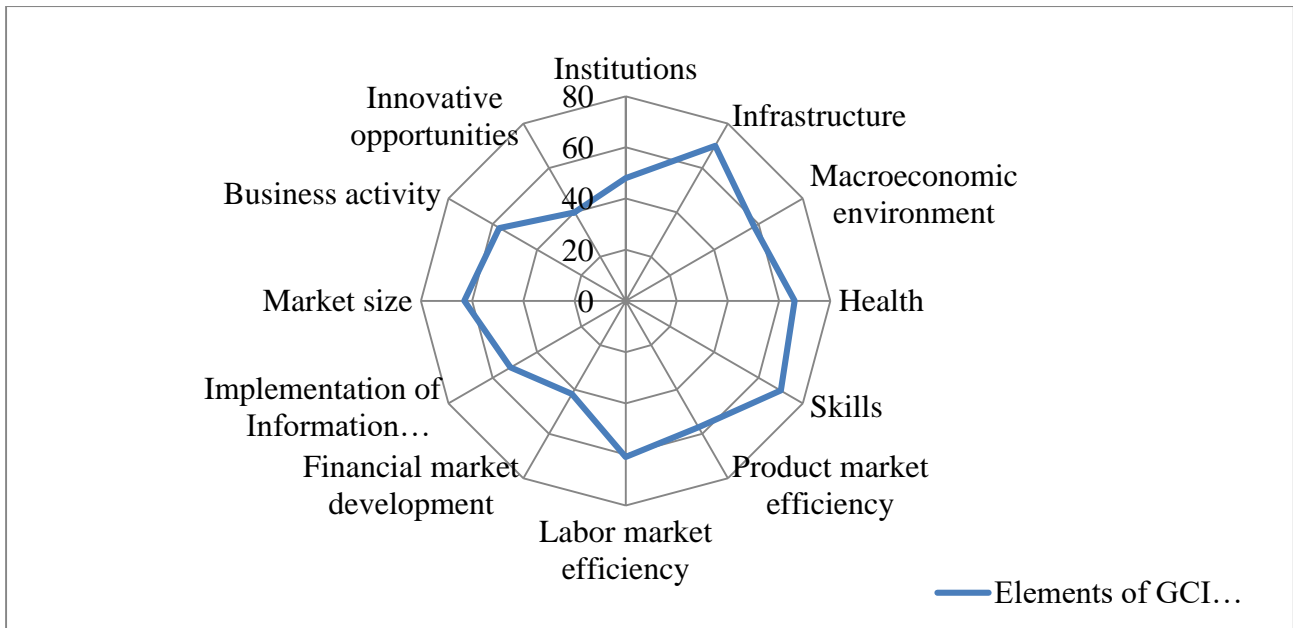


Figure 1. Components of the Global Competitiveness Index of Ukraine

The analysis of the components of the calculation of the indicator "Infrastructure" showed that Ukraine in 2019 has a value of 65% due to the provision of electricity to the country's population by 100% and the development of transport infrastructure of the country, in particular, aviation (availability of airports).

If over the past four years Ukraine has improved its position on the "macroeconomic stability" component, our analysis showed that in order to increase Ukraine's competitiveness rankings, it is necessary to innovate, to develop the financial market, to implement information computer technology, to develop market institutions and macroeconomic stability.

The underdevelopment of the country's financial market, as shown by recent studies of the economies of Pakistan, the Philippines, Malaysia, Indonesia, Singapore, Thailand, China, Latin America, etc., may be the reason that the economy of such a host country does not benefit from foreign direct investment, even if their volumes are significant, as it is necessary to ensure institutional development [5- 9]. Below, Table 2 presents summary statistics on Ukraine's GDP and the amount of foreign direct investment received in Ukraine in 2010-2019 [10]. Accordingly, Fig. 2 presents the results of correlation and regression analysis of the ratio of foreign direct investment of Ukraine to GDP.

Table 2. GDP of Ukraine and attracted foreign direct investment in Ukraine for 2010-2019.

Indicators, million USD	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GDP of Ukraine,	136419	163160	175781	183310	131805	90615	93270	112154	130832	134890
The amount of FDI involved in Ukraine,	5851	6033	5290	5462	2451	4321	4406	2511	2869	2531

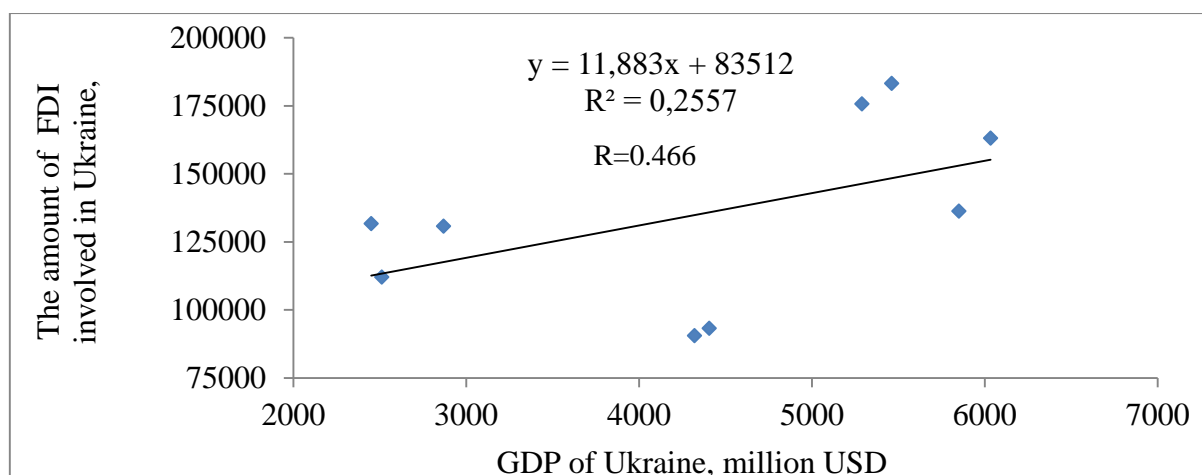


Figure 2. The relationship between the volume of FDI attracted to Ukraine and GDP

According to the results of the analysis, the correlation coefficient is equal to 0.466, which indicates a weak relationship between FDI and GDP of Ukraine. It can be stated that according to the built regression model, GDP is only 25% dependent on FDI in the economy of Ukraine ($R^2 = 0.2557$). Thus, to ensure economic growth in Ukraine, it is advisable to develop the domestic financial market, attract foreign investment, which, combined with macroeconomic stability, innovation and development of market institutions will help increase the international competitiveness of the national economy. The competitiveness of the national economy is a complex category: it is formed under the influence of successful implementation of state programs of economic restructuring, and as a result of successful business structures, infrastructure development, which in particular ensure the development of innovation, information computer technology. Since the development of financial markets and ensuring macroeconomic stability is the prerogative of the government, the macroeconomic policy of the Government of Ukraine should be aimed at ensuring the improvement of these important components for the development of the business environment.

References

1. WEF World Economic Forum. Available at: <https://www.weforum.org/>
2. IMD WORLD COMPETITIVENESS ONLINE. Available at <https://worldcompetitiveness.imd.org/countryprofile>
3. The Doing Business Reports (The World Bank Index). Available at :<https://www.doingbusiness.org/>
4. The Heritage Foundation index – World rank. Available at: <https://www.heritage.org/index/book/chapter-3>
5. Zhang, K.H. 2001. Does foreign direct investment promote economic growth? Evidence from East Asia and Latin America. *Contemporary Economic Policy*, Vol. 19, no. 2, pp.175–185.
6. Zukowska-Gagelmann, K. (2002) ‘Productivity spillovers from foreign direct investment’, *Economic Systems*, Vol. 24, no. 3, pp.223–256.
7. Alfaro L., Chanda A., Kalemli-Ozcan S., and Sayek S. FDI and Economic Growth: The Role of Local Financial Markets. *Journal of International Economics*. 2004. 64. P. 89–112
8. Nasreen, S. and Anwar, S. 2014. Foreign direct investment, growth and local financial markets: new evidence from Pakistan’, *Int. J. Economics and Business Research*, Vol. 7, no. 3, pp.336–348
9. Kharchuk SA, 2020. The state of investment activity of Ukrainian enterprises in conditions of economic instability. *Magazine "Economy and State"*. 2020. №1. Pp. 66- 72.
10. SSC of Ukraine, 2020. Official website of the State Statistics Committee of Ukraine (2020), «Statistical information». Available at: <http://www.ukrstat.gov.ua> (Accessed 04 December 2020).