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**THE MAIN FACTORS OF INFLUENCE ON  
THE COMPETITIVENESS OF PRODUCTS OF  
ENTERPRISES OF THE FLOUR INDUSTRY**

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**Introduction.** The resource potential of agri-food production of the economy of Ukraine determines the expediency of its orientation towards the strategy of self-sufficiency in solving the problem of food security at the national level, as well as the important role of the export of agri-food products for the development of the agrarian sector. World trends associated with globalization, increasing degree of openness of economies and increasing their interdependencies lead to increased requirements for national production from the point of view of their competitiveness.

The formation of the competitiveness of products of enterprises of the flour milling industry depends on a number of factors, which objectively complicates the process of its management. Depending on the level and scope of action, such factors are proposed to be combined into 10 groups in order to systematize the analysis of the competitiveness of enterprises in the flour milling industry: 1) resource; 2) innovative; 3) microeconomic; 4) sectoral; 5) infrastructure and logistics; 6) macroeconomic; 7) institutional and regulatory; 8) foreign trade; 9) social; 10) ecological.

**The hypothesis of the scientific research** consists in the study of the influence of external and internal factors on the

competitiveness of products of enterprises of the flour industry.

The purpose of the study is to analyze and justify the impact of factors on the competitiveness of the products of the enterprises under study.

**The methodology of scientific research** is general scientific research methods, in particular: induction and deduction, comparison, expert analysis, grouping method.

**Conclusions and prospects for further research.** It has been proven that competitiveness is a multi-component characteristic of products, business entity, region, industry, country, and also depends on factors of time and place, which lead to certain difficulties in its assessment. There is a close relationship between the formation of competitiveness at all its levels. Factors of competitiveness of the enterprise, industry, country will affect the competitiveness of products, which in turn affects the competitiveness of subjects at different levels. But in different groups of factors there are those that have a positive influence on the formation of competitiveness, and those that exert a negative influence.

**Keywords:** European integration; innovative development; competitiveness; competitive advantages; influencing factors; products of enterprises of the flour industry.

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## ОСНОВНІ ФАКТОРИ ВПЛИВУ НА КОНКУРЕНТОСПРОМОЖНІСТЬ ПРОДУКЦІЇ ПІДПРИЄМСТВ БОРОШНОМЕЛЬНОЇ ПРОМИСЛОВОСТІ

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**Вступ.** Ресурсний потенціал агропродовольчого виробництва економіки України обумовлює доцільність її орієнтації на стратегію самозабезпеченості у вирішенні проблеми продовольчої безпеки на національному рівні, а також важливу роль експорту агропродовольчої продукції для розвитку аграрного сектора. Світові тенденції, пов'язані із глобалізацією, зростанням ступеня відкритості економік та підвищенням їх взаємозалежностей призводять до підвищення вимог до національних виробництв з точки зору їх конкурентоспроможності.

Формування конкурентоспроможності продукції підприємств борошномельної галузі залежить від множини чинників, що об'єктивно ускладнює процес управління нею. Такі чинники залежно від рівня та сфери дії запропоновано для систематизації проведення аналізу конкурентоспроможності підприємств борошномельної галузі об'єднати у 10 груп 1) ресурсні; 2) інноваційні; 3) мікроекономічні; 4) галузеві; 5) інфраструктурні та логістичні; 6) макроекономічні; 7) інституційно-регуляційні; 8) зовнішньоторговельні; 9) соціальні; 10) екологічні.

**Гіпотеза** наукового дослідження полягає в дослідженні впливу зовнішніх та внутрішніх чинників на конкурентоспроможність продукції підприємств борошномельної галузі.

**Метою дослідження** є аналізування та обґрунтування впливу чинників на конкурентоспроможність продукції досліджуваних підприємств.

**Методологією наукового дослідження** є загальнонаукові методи дослідження, зокрема: індукції та дедукції, порівняння, експертного аналізу, методу групування.

**Висновки та перспективи подальших досліджень.** Доведено, що конкурентоспроможність є багатокомпонентною характеристикою продукції, суб'єкта господарювання, регіону, галузі, країни, а також залежить від чинників часу та місця, що призводять до певних складнощів в її оцінці. Між формуванням конкурентоспроможності на всіх її рівнях існує тісний взаємозв'язок. Чинники конкурентоспроможності підприємства, галузі, країни впливатимуть на конкурентоспроможність продукції, яка в свою чергу впливає на конкурентоспроможність суб'єктів різних рівнів. Та в різних групах чинників є ті, які позитивно впливають на формування конкурентоспроможності, і ті, які здійснюють негативний вплив.

**Ключові слова:** євроінтеграція; інноваційний розвиток; конкурентоспроможність; конкурентні переваги; чинники впливу; продукція підприємств борошномельної галузі.

**Problem statement.** Product competitiveness is a dynamic concept that changes in time and space, is under the influence of numerous external and internal factors, the rate of change of which is constantly increasing.

**Analysis of recent research on the problem** In the scientific literature, considerable attention is paid to the identification and systematization of the factors of competitiveness of products, enterprises, regions, and countries. But product markets have their own characteristics, in addition to the general factors influencing the formation of competitive advantages of products, they are under the influence of special factors related to the properties of products, the structure of the market, the degree of its openness, regulatory conditions, etc.

M. Porter, identifying the country's competitive advantages, actually identified the factors affecting them, while combining the micro- and macro-level formation of such advantages. In particular, he identified such groups of factors as:

- factor (resource) conditions, i.e. provision of the subject of competition with resources in the required amount and quality, including natural resources, human resources, knowledge and information resources, infrastructure;
- demand conditions, which are affected by its size, which is related to the number of consumers and their incomes, internationalization;
- availability of supporting and related industries;
- strategy of firms (Porter, 2008).

Under the conditions of the innovative model of development, the factors of scientific and technical progress have acquired special importance. Thus, D. Palmer and S. Kaplan (2017) continued the justification of the innovative theory of competitiveness, emphasizing the exclusive role in modern competition in the global economy of advantages based on innovations, the development of science, education, the information environment, and scientific and technological achievements.

**The purpose of the study there is** justification and study of the influence of factors of competitiveness of products of enterprises of the flour milling industry.

**Presentation of the main material** If the competitiveness of products is a necessary condition for the competitiveness of an enterprise, the efficiency and effectiveness of its management, marketing, personnel policy, and innovation strategy will influence the formation of competitive properties and the realization of competitive advantages of products. The industry conditions of production development, the state of competition, integration and cooperation of manufacturers will affect the state of competitiveness of products. The formation of territorial and sectoral clusters, various forms of enterprise associations allow to improve the resource provision of industries, their access to innovations.

On the other hand, the state, forming the "rules of the game" on the market, supporting the development of certain industries, introducing regulation of business conditions will also affect the competitiveness of products.

In order to ensure the competitive advantages of products, the state of infrastructure and information support, technical-technological and innovative components are also important factors. Implementation of the "innovative industry development model based on a complex combination of science, scientific service and innovative infrastructure" is considered by many scientists as a more important factor in increasing the competitiveness of the agro-food sector and its products (Pisano, 2015).

A group of scientists, in determining the components and factors of competitiveness, singled out three of their main dimensions related to actual competitiveness, competitive potential and external factors related to competitiveness (Report of United States International Trade Commission, 2010). Among the factors of the first dimension, they noted the skills and knowledge of the staff; management practices; corporate culture; marketing factors and customer relations; networks and connections, as well as a number of factors determining the market structure and intensity of competition, including the number of competitors, the size of demand, the price/quality ratio, barriers to entry/exit from the industry, international openness. Innovations, cost effectiveness, productivity level were included in the factors of competitive potential formation. A group of external factors of competitiveness was formed from institutions and regulations, infrastructure, education, labor markets, financial markets, technologies, policies (Mulyk and Mulyk, 2020).

So, a fairly wide range of factors affecting the competitiveness of products of various industries was determined by scientists. In our study, we specify the factors of competitiveness of products of enterprises of the flour milling industry.

In order to organize and systematize such factors, scientists have proposed their various classifications. Thus, I. Starchenko singles out two groups of agricultural competitiveness factors: internal – which includes labor resources; material and technical support; financial resources; production technologies; information support; and external – which includes state regulation; scientific and technical progress; social; ecological (Ihnatenko and Marmul, 2020).

M. Ihnatenko and L. Marmul (2020) singled out 10 groups of agricultural competitiveness factors: innovative and technical-technological; logistic; structural and market; institutional; production; resource; regulatory; political; ecological; organizational.

S.V. Filyppova identified other 10 groups as factors of competitiveness of the agricultural industry: economic potential and growth rates of agricultural industries; efficiency of production of agricultural products; the level of development of science and technology, the rate of development of scientific and technical achievements; participation in the international division of labor; dynamism and capacity of the domestic market of agricultural products and products of their processing; financial support; state regulation; the level of

qualification of labor resources; supply of labor resources; socio-economic situation (Filyppova et al., 2018).

There is a close relationship between the formation of competitiveness at all its levels. Factors of competitiveness of the enterprise, industry, country will affect the competitiveness of products, which in turn affects the competitiveness of subjects at different levels. But in different groups of factors there are those that have a positive influence on the formation of competitiveness, and those that exert a negative influence.

Therefore, according to the direction and source of action as part of competitiveness factors, scientists have distinguished stimulators and destimulators of exogenous and endogenous action. Scientists classified as stimulants those factors that contribute to increasing competitiveness. As part of the disincentives, it was proposed to analyze the factors that prevent the increase of competitiveness (Barnat, 2018).

We believe that the composition of stimulators and destimulators, which depend on the direction of action of the factors, will constantly change in accordance with changes in the conditions of the world market, the macro environment, politics and management of the enterprise.

Taking into account such a variety of factors of the competitiveness of products and subjects of different levels, we consider it necessary to substantiate the author's classification of groups of factors of products of enterprises of the flour milling industry, which would become. The state of service industries, their market structure is also important for the formation of competitive advantages of products of flour milling enterprises.

- infrastructural and logistical factors directly affect the level of costs and thus the price of products, as well as the possibilities and conditions of product preservation, the timely delivery of products to the required place, and therefore their quality. In the conditions of globalization, an important role in the composition of these factors belongs to the state of the logistics system of the exit of domestic product manufacturers to world markets, international transport corridors and the price situation in the field of international logistics. High-quality roads, an extensive network of railway connections, ports, elevators, vehicles, warehouses for grain storage, increase the competitiveness of products of the flour milling industry, make it possible to reduce crop losses, maintain its quality in proper condition, reduce the cost of grain, which accounts for a significant share of the cost price products of the flour industry. It is also important to have a developed market infrastructure, including commodity exchanges, wholesale markets, improvement and spread of the use of exchange instruments, in particular futures contracts for the supply of grain for the purpose of insurance (hedging) of price risks.

- macroeconomic factors are factors external to the producer, form the conditions of its external environment, but directly affect the formation of costs, availability of resources, and the amount of demand for products. Thus, the economic growth of the country and the increase in the level of employment are accompanied by an increase in the demand for products, which will positively reflect on the volume of its production, that is, such a component of competitiveness as the stability of production and sales of products. Inflation will affect other components of product competitiveness, namely, the prices of resources and products, efficiency and profitability of production. The level of the bank interest rate, the availability of financial resources determine the state of financial support of all production processes, hence the level of costs and the quality of products;

- institutional and regulatory factors include the state of specification and protection of property rights in the economy, which are important conditions for the development of entrepreneurship and business activity. This group of factors also includes the existing standards of quality and safety of food products. On the one hand, the introduction of a modern quality management system requires additional costs, but at the same time they play an important role in meeting all the requirements in the production of quality products, and in many cases - in the access of product manufacturers to markets, including foreign ones. State support for commodity producers, taxation conditions will affect the level of production costs, its profitability, as well as the stability of economic activity conditions. State support, providing additional financial resources, enables producers to overcome their own financial limitations and properly finance production processes, as well as invest in new equipment and technologies, which will generally contribute to ensuring high product quality and reducing production costs, and will positively affect the competitiveness of agri-food products, Preferential taxation conditions, such as a reduced rate of value added tax (VAT), which is applied in the countries of the European Union for a number of food products, simplified and preferential taxation regimes will contribute to the supply of products to the market at a lower price, which will allow both to increase the demand for products and and increase the financial results of manufacturers;

- foreign trade factors include the level of openness of the economy, the liberalization of foreign trade relations, trends in the development of world markets of agricultural products and food, the number of competitors on the world market, their competitive advantages, the conditions for regulating foreign trade both in the national economy and in countries in which products are exported, the spread of the practice of using protectionist tools, time and costs for customs clearance of export-import, currency regulation;

- social factors include a set of factors related to the influence of the social environment on the competitiveness of products. Such factors include national,

religious traditions related to the consumption of products of the flour industry, including regarding the quality of flour and groats, time, volume and method of consumption of the product;

- environmental factors are determined by the state of pollution of the resource base, natural and climatic conditions of production, existing standards and society's attitude towards the environmental safety of production; availability of environmentally friendly technologies.

The composition of these groups of factors is summarized in table 1.

*Table 1*

**Factors of competitiveness of products of enterprises  
of flour milling industry**

A group of factors	Factors
1. Resourceful	quality and quantity of available resources (natural, labor, capital) for agricultural and food production
2. Innovative	the achievement of scientific and technical progress, the state of the field of generation and transfer of innovations, available innovations in the field of production of agro-food products, their storage and promotion, including technologies, means of labor, new types of products or products with new properties
3. Microeconomic	technical and technological, organizational and managerial, including in relation to product quality management, personnel, marketing, economic and financial, innovative culture, corporate and social responsibility
4. Industry and market	the amount of demand, the structure of industry markets, the number of competitors, the intensity and methods of competition, pricing models, conditions of entry/exit from the industry, access to resources and the level of prices for resources
5. Infrastructural, logistic	the state of the market infrastructure, logistics systems of agriculture and the flour industry, including warehouses, the transport system for the supply of agri-food products to the national economy and to world markets
6. Macroeconomic	dynamics of GDP and GDP per capita, inflation rate, bank interest rate level, availability of financial resources, unemployment rate
7. Institutional and regulatory	specification and protection of property rights, standards, regulations of agro-food production and trade, standardization systems, state support for product manufacturers, taxation conditions
8. Foreign trade	trends in the development of world markets for agricultural products and food, the number of competitors, their competitive advantages, regulations on foreign markets
9. Social	social requirements for the quality of products, their taste properties; national, religious traditions related to the consumption of agro-food products;
10. Ecological	natural and climatic conditions of production; the state of pollution of the resource base, standards and attitudes of society regarding the environmental safety of production

*Source: generated by the author.*

**Research Findings and Prospects.** The identification of factors and the direction of their influence on the competitiveness of products is the basis for the development of an effective competitive policy of the enterprise, as well as the state policy on ensuring the competitiveness of the products of enterprises of the flour industry, which plays an important role in the realization of the potential of agricultural production, and in the creation of jobs, and in providing for the population important food products, and in increasing the country's export potential.

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