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Global Strategy of National Economic Competitiveness

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Supervisor Associate Professor, PhD in Economics Zhevago Alina

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Заголовок

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**ACADEMIC SUPERVISOR'S
REVIEW OF MASTER
THESIS**

by the Student at the Faculty of International Economics and
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Daria Koval
(Name, Surname)

Title: **Global Strategy of National Economic Competitiveness**

1. Evidence of learning in accordance with the objectives of the assignments (0-5 points) - **5**
2. Depth of critical analysis (0-10 points) - **10**
3. Effectiveness of argumentation/analysis (0-10 points) - **10**
4. Accurate and coherent use of quantitative tools and language (0-20 points) - **20**
5. Compliance with master thesis written requirements (0-5 points) - **5**
6. Compliance with writing master thesis's schedule (0-5 points) - **2**
7. Attendance (0-5 points) - **3**
8. Published research work/Thesis (0-10 points) - **10**
9. Positive aspects of the thesis: the work is dominated by the theoretical aspects but it contains quite analytically relevant modern material.
10. Negative aspects of the paper: meets all the requirements expect deadlines.
11. Total Supervisor's Grade of Master Thesis: **65 points**

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External Review of Master Thesis

Daria Koval

Mikhail Chomsky

Global Strategy of National Economic Competitiveness

The review of the diploma work is given to the 6th, Faculty of International Economics and Management to Koval Daria.

The research presented by the student is relevant, because in the problem of the formation of sustainable competitiveness has become particularly relevant due to the increase in the variability of the external environment.

The thesis work was done by the author independently, it has both theoretical and practical significance.

Reviewer

Director of the enterprise, Eurointerpolimex
(Position)

Eurointerpolimex
(Place of Work)



(Signature)

Mikhail Chomsky

(Name, Surname)

"17" January 2023 p.

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INTRODUCTION

The last decades of world development demonstrate an increase in the pace and intensification of international competition: for economic and political leadership, markets, sources of resources, etc. If some time ago the presence of rich reserves of natural resources or fertile soils favourable for cultivation could provide a country with an undeniable competitive position, then due to the acceleration of development and the entry of most countries into the post-industrial stage of development, competition is turning into a slightly different plane. Technologies and innovations are now becoming increasingly important in comparison with traditional factors of ensuring the competitiveness of the country. The need to find sources of increasing and maintaining competitiveness, which is currently the majority of both developing and developed countries, and Ukraine in this case is no exception, which determines the relevance of this study and makes it not so much theoretical as practical.

Today, competitiveness is considered as a universal multilevel concept that reflects the competitiveness of products, enterprises, corporations, industries and the economy as a whole. In the XXI century, the factors of competitive struggle are not only market-economic, but also political and military mechanisms, which is a challenge of the present. The issues of competitiveness only at the level of the economy are at the top of the list of issues of national importance, as they are closely related to the achievement of dynamic economic development of the country and improvement of living standards of its population.

In order to take a leading position in the world, the company must constantly improve existing technologies and create or selectively borrow new ones. Only those who create new mechanisms of innovation management today, which are not surpassed by anyone, will be able to maintain their positions.

The main principles of such a mechanism should be a comprehensive and gradual but steady increase in the competitive advantages of the national economy.

The Ukrainian economy is characterized by conceptual weakness, permanent reorganization, which is a consequence of the lack of a clear state and corporate strategy for the transition to modern technological modes.

Recently, it has become increasingly obvious that in the conditions of constant market changes, an objective systematic analysis of the economy as a whole is important. This is the relevance of the topic in this research.

Researchers of different economic schools and directions, among them A.Smith, D.Ricardo, M.Porter, K.Ketels, devoted their works to the study of the concept of competitiveness and sources of its formation, however, the existence of a large number of works devoted to this phenomenon still leaves room for its analysis in different planes, systematization and generalization of the available information, which is the subject of this work.

The aim of the work was to identify the key factors of increasing the competitiveness of Ukraine.

Achieving this goal requires solving a number of tasks:

- definition of the essence of the concept of competitiveness;
- study of approaches to its assessment available in the literature;
- identification of the main factors of competitiveness of the national socio-economic system;
- assessment of the level of national competitiveness of Ukraine;
- study of existing methods of state regulation of the national economy, which increase the level of its competitiveness;
- determination of the list of main problems that impede the implementation of competitive advantages of Ukraine ;
- selection of the main direction of ensuring the competitiveness of Ukraine.

The object of the study is the system of links between the economic processes taking place in the country's economy and its position in the global economic system.

The subject of research is a set of socio-economic processes and phenomena that form the competitiveness of the national economy.

The main methods used in the research are: general scientific principles of knowledge, historical, logical and statistical methods, method of study and generalization, etc.

The scientific novelty of the study lies in the systematization of heterogeneous statistical and other data and their use to analyze competitive advantages and identify weaknesses of the Ukrainian economy at this stage and determine the main directions of its development in the near future.

The practical significance of the research lies in the possibility of applying the obtained data and conclusions by public authorities in the formation of socio-economic policy at both the state and regional levels.

There is a lot of literature on the studied problem due to the practical relevance of such researches. The theoretical basis of the study was both fundamental and applied works of domestic and foreign authors devoted to the study of the processes of development and formation of competitiveness of the national economy. The data of Ukrainian and international statistics, regulatory documents and laws of Ukraine were also used in the analysis. Among other things, publications of periodicals and the Internet were used. Some of the results, presented in the form of summary tables, were obtained by the author personally.

SECTION 1.

THEORETICAL ASPECTS OF GLOBAL COMPETITIVENESS STRATEGIES OF NATIONAL ECONOMIES

1.1 The concept of competitiveness of the country

Hundreds of works by different authors are devoted to the study of such a concept as "competitiveness", who try to consider this category from completely different sides, some approaches contradict each other, others complement each other, but both play a huge role in shaping the idea of a phenomenon so multifaceted and exciting the minds of scientists and analysts "since the birth of classical economic science".

A great contribution to the development of the concept of competitiveness was made by Adam Smith in his work "An Inquiry into the Nature and Causes of the Wealth of Nations", proposing the theory of absolute advantages, which is explained as follows: "By means of glass, greenhouses, and heated walls, very good grapes may be grown in Scotland, and very good wine may be made from them, but at thirty times the price of equally good wine brought from abroad. Would it be wise for a law to prohibit the importation of all foreign wines in order simply to encourage the production of Burgundy in Scotland?" [51].

The theory of absolute advantages of Adam Smith was developed by another prominent representative of classical political economy, David Ricardo, who, entering into a polemic with the "father of political economy", and denying various provisions of his theory, offered his vision of the basics of interaction between countries in foreign trade relations based on the theory of relative advantages. "It appears, therefore, that a country which has a very considerable advantage in machinery and skill, and produces therefore goods with much less labour than its neighbours, may import in exchange for such goods a part of the bread necessary for its consumption, even though its land is more fertile and the cultivation of the bread requires less labour in it than in the country from which it is imported. Two

men make shoes and hats, and one is superior to the other in both occupations, but in making hats he may surpass his rival by one-fifth, or 20%, and in making shoes by one-third, or 33%; would it not be more profitable for them if the more skillful one were to engage exclusively in making shoes and the less skillful in making hats?"

A huge contribution to the theory of competitiveness was made by the American economist Michael Porter, he analyzes and consistently refutes the existing approaches to the definition of "competitiveness" and argues that there is no obvious explanation, and "the only characteristic of competitiveness that makes sense at the country level is productivity. The most important goal of any country is to create a high and rising standard of living for its citizens. The ability of a country to achieve this goal depends on how productively the labour and capital resources it has are used [59, p. 567].

Competitiveness is a comparative characteristic of a product that contains a comprehensive assessment of the totality of its qualitative and economic properties (parameters) in relation to the identified market requirements or properties of another product. In this case, we are talking about the level of competitiveness of the product.

The concept of competitiveness of the organization includes its ability to produce competitive products in a particular market, its advantage over other firms in the industry within the country or abroad. On a national scale, competitiveness means effective integration into the world economy, which corresponds to the functioning of all its structures to ensure sovereignty and high quality of life of the population".

The group of economists who associate the concept of competitiveness with efficiency includes M. Ehrlich, J. Hein, and even the mentioned M. Porter. Competitive can be considered those business entities that operate efficiently or provide competitive goods and services to consumers. Within this concept, the authors mainly emphasize that "a competitive object is an object capable of

providing profit, therefore, improving competitiveness is an effective operation [35, p.21].

Numerous and contradictory approaches to the concept of competitiveness leads to the conclusion that this phenomenon is so complex and ambiguous that it would be fundamentally wrong to try to consider it from one side. Many studies at one time broke against the wall of contradictions associated with the duality of some complex phenomena, such as, for example, the corpuscular-wave dualism of physical objects. Given this fact, it is worth considering qualimetric and effective approaches to determining competitiveness not as opposite, but as complementary. On the one hand, efficiency, which is easy to quantify, on the other hand, expands the possibilities of substantive analysis of the variety of qualitative characteristics.

In addition to the internal duality of the phenomenon under study, several levels of its study should be distinguished. Similarly to the division of economic analysis into several levels, scientists propose to consider micro, meso and macro levels, and compare them with the subjects (objects) of competitive relations. We present the data in the form of Table 1.1

Table 1 – Levels of competitiveness

Level of analysis	Subject (object) of competitiveness
Macroeconomic	Competitiveness of the product
	Competitiveness of the company
Mesoeconomic	Competitiveness of the region
Macroeconomic	Competitiveness of the country

Thus, competitiveness is a contradictory, multifaceted and multilevel phenomenon in its internal structure. In this paper, special attention will be paid to the macro level, but, if necessary, we will refer to different levels of research. Let us define the broadest definition of the studied concept: in the economic sphere, competitiveness in the most general form can be understood as the possession of

properties that create advantages for the subject of economic competition", and then in the process of research we will narrow the boundaries to the extent necessary in a particular situation.

1.2 Technologies for measuring and assessing the competitiveness of the country

Measuring such a complex category as "country competitiveness" is a rather complicated process, and there are probably fewer definitions of "competitiveness" in the literature than there are different types of definitions of "competitiveness". Not surprisingly, it should be some kind of aggregate indicator or set of indicators capable of comparing countries that have such unique features that sometimes it seems that this task is almost impossible. According to M. Porter: Differences in national values, culture, economic structure, existing organizations and historical development all contribute to successful competitiveness. At the same time, there are great differences in the models of competitiveness of each country, so no country in the world can be competitive in all or at least in most sectors. Finally, some countries succeed in certain industries because their internal conditions are the most pleasant, dynamic and promising [59, p.670]. However, an assessment methodology based on the assumption that the competitiveness of a country is determined by the productivity of the economy is proposed. Productivity depends on both the efficiency of production and the value of goods and services produced, which is measured by the prices for which they are bought on free markets. Thus, competitiveness is determined by productivity. The authors propose to analyze the following set of categories in order to assess the competitiveness of a country:

- domestic investments;
- export;
- imports;
- direct foreign investment;
- domestic innovations.

They, according to the authors, show the level of current competitiveness and in turn are conditioned by the initial competitiveness. Most authors come to the conclusion that the main indicators of a country's competitiveness are:

- standard of living;

- efficiency of use of available resources.

When assessing external competitiveness, it is proposed to study the structure of exports and rely on the indicator that is widely used in the world practice RCA (Revealed comparative advantage). As a characteristic of external competitiveness in the world practice is used the coefficient of revealed comparative advantage - RCA (Revealed comparative advantage). It is calculated as the ratio of the share of this country in the world market of this product to the share of this country in world exports [2, p. 8].

Resource competitiveness includes "three types of subgroups, namely natural resources, labour resources and production resources. The availability of a certain amount of these types of resources is an important factor in the growth of competitiveness of the national economy.

Assessing the competitiveness of institutions is an area that is increasingly gaining relevance. Many researchers associate the effective functioning of the economies of individual countries, and its competitiveness with the peculiarities of national institutional structures, both socio-economic, state-legal, and not least spiritual and cultural.

First, it is necessary to define the concept of "institution", because of its ambiguity, many researchers, such as R. Langlois [55], J. Sabato [57], Ege. Schotter [56] and others. According to R. Langlois, an institution is "a way of thinking or acting that has a fairly widespread constancy, rooted in the habits of groups of people or customs of the people" [55, p.226]. J. Sabato [57, p. 120] calls the institution "the embodiment of certain habits of behavior, customs". Eg. Schotter suggests: "Institutions are the "rules of the game" in society, or, formally speaking, man-made restrictive frameworks that organize relationships for people" [56, p.120]. Be that as it may, the influence of institutions on the functioning of any national economy is very great.

Returning to the analysis of the competitiveness of institutions, it should be noted that the differences in the level of welfare between countries, in their competitiveness are largely explained by the flexibility and variability of

institutions characteristic of their culture and the associated gap between formal and informal institutions, legal norms and social practices: the more flexible and adaptive institutions, the smaller the gap. There are also "productive institutions" - institutions characteristic of most countries leading in terms of per capita GDP.

1) open market economy, free prices, low customs barriers, mainly tariff rather than quantitative; support of competition in the markets;

2) dominance of private property with its strict protection;

3) compliance with contractual obligations: market economy is a network economy of agreements and contracts that formalize them; binding allows to reduce transaction costs and is recognized as the most important business quality;

4) tax system controlled by taxpayers through democratic representative institutions with strong tax administration. Tax evasion is recognized as a serious crime and severely punished;

5) effective public services with a low level of corruption;

6) transparent public companies and financial institutions, which disclosure of information and its verification allow them to enjoy the trust of partners, creditors, investors and attract funds for their development with minimal costs;

7) democratic political system with political competition,

8) separation and changeability of power, which creates reliable mechanisms of public control over the state and bureaucracy.

9) law-abiding citizens who are educated from childhood and cultivated in society; an independent court that inspires public confidence in the fairness of its decisions; a strong system of law enforcement and enforcement of court decisions, which ensures a high level of inevitability of punishment for violation of laws.

10) minimum gap between formal and informal norms of social behavior [33, p.35].

This list successfully systematizes the existing views on the institutions that can catalyze the socio-economic development of the country, so in paragraphs 9 and 10 Plato notes that "violation of laws causes exactly the harm that, gradually being introduced, slowly penetrates into customs and skills, already in larger sizes,

extends to business relations of citizens and encroaches even on the laws and the state system.

The method of assessing the country's competitiveness is comparable in terms of coverage, but interprets it slightly differently. Similarly classifying competitiveness into internal, external, resource and institutional competitiveness, but their assessment is proposed to use composite indices (Table 1.2).

Table 1.2 - Calculation of the aggregate index of economic competitiveness

Aggregate index of competitiveness of the country $I=qY_1+rY_2+sY_3+tY_4$	
Composite index of domestic competitiveness $Y_1=ax_1+bx_2+cx_3+dx_4$	X_1 – the amount of gold and foreign currency reserves X_2 – growth of investments in the economy X_3 – unemployment rate X_4 – population size
Composite index of external competitiveness $Y_2=ex_5+fx_6+gx_7$	X_5 – country size X_6 – life expectancy X_7 – growth of industrial production
Consolidated index of resource competitiveness $Y_3=bx_8+ix_9+jx_{10}+kx_{11}$	X_8 – labour productivity X_9 – oil reserves X_{10} – explored gas reserves X_{11} – national intelligence
Consolidated index of competitiveness of institutions $Y_4=lx_{12}+mx_{13}+nx_{14}+px_{15}$	X_{12} – the degree of stratification of the population X_{13} – degree of freedom of the press X_{14} – number of arrested persons X_{15} – license thefts

Among the main competitive advantages of countries some authors single out resource and technological ones. Resource advantages are formed taking into account the advantageous geographical location. At the same time, it should be noted that the advantages can be strengthened or weakened by the efficiency of the use of available resources. Technological advantages are based on accumulated knowledge resources, qualified personnel, new technologies, etc. The key factors of modern predominantly technological competitiveness are investments in new technology and human capital, an economic environment conducive to the emergence and diffusion of innovations and technological development [1, p. 35].

Further, the main approaches to determining the level of competitiveness are considered in more detail, where it is proposed to measure the level of competitiveness using:

- single indicator;
- integral indicator;
- system of indicators.

As a single indicator of evaluation, such indicator as specific wages is used.

The denominator of the formula (labour productivity) is a characteristic of production efficiency and is used to assess the efficiency of functioning at all levels as a ratio of the volume of products produced to the number of people employed in production. Through the value of wages, the indicator of specific wages reflects the level of consumption, and hence all related characteristics of the development of the social sphere [3, p.189].

Integral assessment of competitiveness based on statistical data is carried out due to the heterogeneity of indicators, however, whatever sets of indicators are proposed, they are most often reduced to living standards and productivity.

The assessment of competitiveness based on a system of indicators or rankings, based on statistical data sets and expert opinion, is most clearly represented in the methods of the International Economic Forum and the International Institute for Management Development. Both of these sources appear in most of the already reviewed competitiveness assessment studies.

The WEF (World economic forum) study presents two indices, such as the Global Competitiveness Index (GCI) and the Business Competitiveness Index (BCI), calculations based on publicly available statistical data and surveys of executives. GCI consists of 12 competitiveness components:

- quality of institutions;
- infrastructure;
- macroeconomic stability;
- health and primary education;
- higher education and vocational training;

- efficiency of the market for goods and services;
- labour market efficiency;
- financial market development;
- technological level;
- size of the domestic market;
- competitiveness of companies;
- innovation potential [38].

The International Institute for Management Development (IMD) in the annually published World Competitiveness Yearbook in the assessment of competitiveness relies on 4 indicators: the state of the economy, the effectiveness of public policy, business efficiency, infrastructure, each of which in turn consists of five components:

- domestic economy,
- international trade,
- international investment,
- employment,
- price level;
- public finance,
- fiscal policy,
- institutional structure,
- business legislation,
- social structure;
- productivity and efficiency,
- labour market,
- finance,
- management practices,
- relationships and values;
- basic infrastructure,
- technological infrastructure,
- scientific infrastructure,

- health and environment,
- education.

Summarizing the analysis conducted in the field of assessment tools of the category "competitiveness", it should be noted: for a more accurate assessment, an integrated approach is needed due to the versatility and specificity of this category in relation to each particular country, the most common is the rating assessment, but it is too universal, different author's methods are more individual, but often too one-sided. In order to create a more complete picture, several methods should be used simultaneously [37, p.7].

1.3 Factors that shape the competitiveness of the country

In connection with the problem of assessing the competitiveness of the country is the identification of competitiveness factors. Basically, all rankings are based on the analysis of competitiveness factors and their assessment. Individual researchers, depending on the methodology they use to assess competitiveness, vary the factors included in it.

In collaboration with K. Ketels, M. Porter proposes to divide the country's competitiveness factors into three large-scale groups:

- initial conditions,
- context,
- microeconomic competitiveness in Figure 1.1.

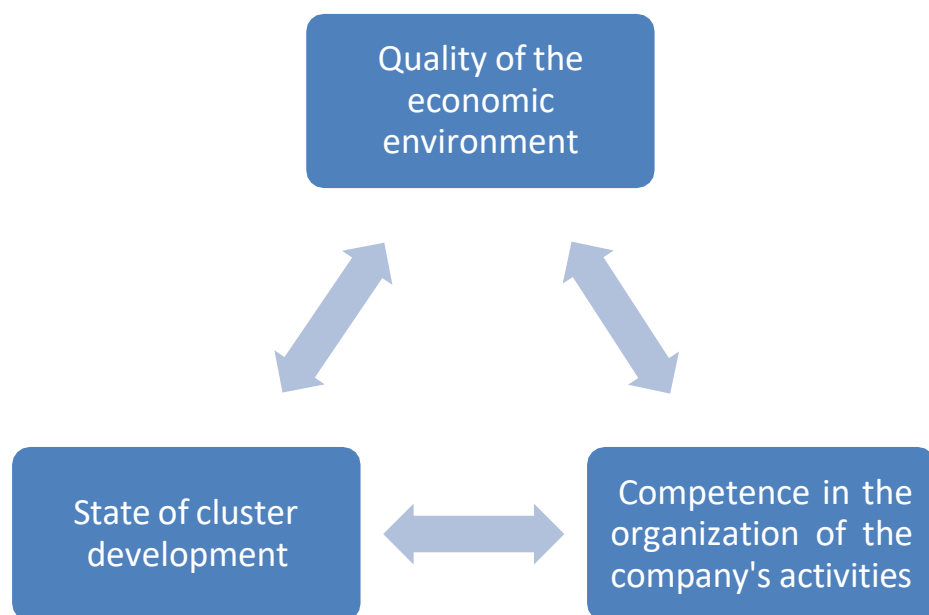


Figure 1.1 - Factors determining the competitiveness of a country microeconomic context

The group of factors united under the general name of initial conditions includes: natural resources, geographical location and history of the country. These factors are the objects of choice of a particular country and are inherent to it by default, however, speaking about the factors of competitiveness of a country, they

cannot be excluded from the analysis, since other competitive advantages are formed on this basis or with their account.

For example, the availability of certain natural resources can significantly affect the structure of exports and imports, the specifics of the logistics approach will depend on the geographical features of the territory. The history of the country's development is reflected in existing enterprises, political system, cultural features, etc.

Macroeconomic, political, legal and social context is another factor of the country's competitiveness. This factor accumulates the peculiarities of the policy in each of the listed areas of the context, institutional structures, creating conditions for the activities of citizens, enterprises, government. The considered factor itself ensures the success of the country, but creates the necessary potential. The foundations of the country's competitiveness, however, are created not at the macro level, but, according to M. Porter and K. Ketels, at the micro level. Figure 1.1 shows that the authors include three elements in microeconomic competitiveness [59, p.188]:

- quality of the economic environment,
- the state of development of clusters (associations by type of activity),
- competence of the organization of the company's activities.

The business environment is determined by a huge number of factors of production, behavioral norms, motivations and related production of goods and services that directly affect the productivity and innovation in the competition of companies. The degree of development of clusters by type/geography of activity reflects the strength of linkages and external factors affecting nearby enterprises supporting industries, service providers and related organizations in a particular industry. The quality of the organization of the company's activities includes the capabilities, adopted methods of work and decisions made by its management. Regardless of the business environment or cluster strength, it is the companies that are responsible for achieving or not achieving an acceptable level of performance.

M. Porter distinguishes between competitiveness at the macro and micro levels, so the macroeconomic environment, which is formed due to certain policies pursued by the government in the field of economy, this environment is more flexible due to the fact that most decisions made at the macro level can be implemented in a fairly short period of time. The microeconomic environment does not have such a significant potential for rapid changes due to the fact that it is formed on the basis of the activities of many actors and depends on a lot of factors: features of infrastructure, available knowledge and skills of the workforce, the degree of implementation of existing regulations, etc. When studying competitiveness at the micro level, the most commonly used model is also by M. Porter, it is one of the most common models illustrating the competitive advantages of countries - Michael Porter's diamond (Figure 1.2).

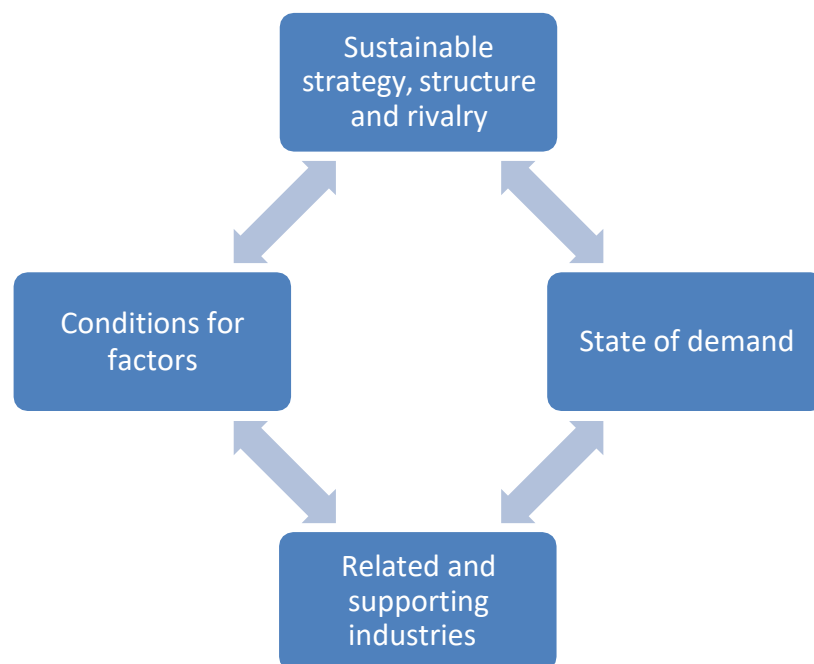


Figure 1.2 - Determinants of competitive advantages of the country

Each vertex is one of the key factors of competitiveness, so "conditions for factors" reflect the country's position in the field of resource supply, "state of demand" characterizes the volume of demand for goods and services in a particular industry in the domestic market, "related and supporting industries" aggregate supplier industries and other related industries capable of competing

internationally, "sustainable strategy, structure and rivalry" includes the characteristics of internal competition, conditions for the functioning of companies.

Currently, in order to match the pace of development of the leading countries, it is necessary to build a course towards the formation of a special type of economy, which many authors call innovative. It is impossible to disagree with the fact that

The world is going through a period of another technological revolution. The ruling circles of the states that have entered the economic marathon understand that technology is the only key to stability and prosperity in the XXI century.

As an intermediate conclusion, we can point out the need to regularly review and update the list of competitiveness factors due to the constantly changing environment and the accelerating pace of global progress. In this regard, for a long time among the factors of competitiveness it is necessary to take into account such an undoubtedly important one as the level of innovation of the economy.

SECTION 2.

ANALYSIS OF THE LEVEL OF GLOBAL COMPETITIVENESS OF THE UKRAINIAN ECONOMY

2.1. Assessment of the level of competitiveness of the national economy as a subject of the world economy

Ukrainian policy in recent years, like most developing countries, has determined its vector to increase its national competitiveness, find its niche in world markets and move from the role of a raw material appendage to a full-fledged player in the field of international relations. Over the past ten years, Ukraine's competitiveness has changed rather inconsistently, as shown in Table 2.1. Since in 2020 the World Economic Forum suspended the publication of annual rankings for this index, let's consider the period from 2014 to 2019. Thus, according to the WEF study, from 2014 to 2016, a downward trend is obvious, Ukraine lost 9 positions in two years [12].

Table 2.1 - Assessment of Ukraine's competitiveness by GCI indicator

Year indicator	2014	2015	2016	2017	2018	2019	The value of the indicator
Ukraine's place in GCI	76	79	85	81	83	85	
Institutions	130	130	129	118	110	104	3,2
Infrastructure	68	69	75	76	57	57	3,9
Application of ICT	85	86	85	81	77	78	3,8
Macroeconomic stability	105	134	128	121	131	133	3,5
Healthcare	43	45	54	53	94	101	6,0
Higher education	40	34	33	35	46	44	5,1
Commodity market	112	106	108	101	73	57	4,0

Labor market	80	56	73	86	66	59	4,0
Financial market	107	121	130	120	117	136	3,1
Market size	38	45	47	47	47	47	4,5
Dynamism of business	99	91	98	90	86	85	3,7
Innovative potential	81	54	52	61	58	60	3,4
The three leading countries	Singapore	Switzerland USA Singapore	Switzerland Sweden Singapore	Switzerland Singapore Sweden	Switzerland Singapore Finland	Switzerland Singapore Finland	Switzerland Singapore USA

The underdeveloped factors include low institutional development due to the lack of transparency in the state and the loss of trust in the authorities by citizens, but in the dynamics it can be seen that the situation is slowly improving; outdated technologies; macroeconomic instability; imperfect medicine and outdated health care system in 2019. Ukraine ranked 101st in this indicator, in 2020, this fact was confirmed by the high level of morbidity and mortality during the COVID-19 pandemic; instability in the financial market; lack of incentives to engage in innovative activities. Among the positive aspects that form the basis of Ukraine's competitive advantages in the global arena, it is worth noting sufficient level of higher education and vocational training; growing efficiency of the commodity and labor markets; significant market size compared to other countries; high innovation potential.

All of the above problems are factors that hinder innovation development: the loss of connections does not allow to carry out a chain reaction of launching the innovation process, ineffective institutions impede the full creation, implementation and use of innovations, the presence of competing informal institutions increases the degree of uncertainty and asymmetry of information, innovation block.

Using other methods of assessing competitiveness, in particular, based on indicators of quality of life and efficiency of resource use, a number of problems directly related to those already considered are revealed [15, p.178].

The indicator of the quality of life of the population allows to assess the degree of satisfaction of human needs within the existing institutions. A modern state can develop only if its economic policy is aimed at increasing the level and quality of life of its citizens. The indicator, like the category of competitiveness itself, is difficult to quantify, which leads to different points of view on its measurement: some authors believe that it is impossible to measure it, others include various combinations of indicators: "...we have no units of measurement for the 'quality of life', no systematic indicators that would answer the question: have people become more alienated from each other or, on the contrary, have they become closer; has education become more effective; are we witnessing a flourishing of art, music, literature...".

D. Morgan formulated 12 specific indicators that are commonly used to measure the quality of life, including personal physical and national security; justice under the law, protection against injustice; spiritual well-being of the individual, including the possibility of self-expression; quality of cultural life, including education, art, entertainment, recreation, leisure, mass media; quality of technological environment; quality of the environment, including its aesthetic side, environmental protection from pollution and others." [52, c. 39].

The integral indicators of the quality of life include the human development index (human development index), the index of intellectual potential of society, human capital per capita, and the coefficient of population viability.

Each of the above approaches to the measurement of this indicator reveals its new facets, it is inappropriate to talk about the wrongness of those who consider its measurement impossible, because no matter how complicated or expanded and specified its content component, there will always be room for its supplementation and refinement.

Having made a small sample of 7 countries: Ukraine and 6 leading countries in terms of competitiveness, we will rank them in terms of quality of life and the result is shown in Table 2.2 [12].

Table 2.2 - Ranking of countries by quality of life

The country	Place in the ranking by quality of life			
	2017	2018	2019	2020
Switzerland	9	2	2	2
Denmark	2	6	4	3
Sweden	3	4	6	5
Finland	7	8	8	9
USA	12	11	10	11
Singapore	19	18	18	17
Ukraine	59	57	62	65

Among the obvious leaders are the EU countries, which are located mainly in the top twenty, and Singapore, which is gaining momentum in economic development, Ukraine is a clear middleman, both in the overall sample and in comparison with other rapidly developing countries. Within the framework of this classification, the following indicators were analyzed: economy, entrepreneurship and innovation, governance, education, life expectancy, security, personal freedom, social capital.

In addition to the quality of life indicator, for quite a long time, the Human Development Index (HDI) has been calculated annually for 177 countries within the framework of the UNDP (United Nations Development Programme), which, like the first indicator, aggregates the parameters of health, education and income, or rather life expectancy at birth, average years of schooling, expected years of schooling, gross national income (GNI) per capita, as can be seen in Table 2.3.

Table 2.3 - Ranking of countries by HDI

The country	Place in the ranking by HDI				
	2016	2017	2018	2019	2020
Switzerland	13	11	9	3	3
Denmark	19	16	15		4
Sweden	9	10	7	12	14
Finland	16	22	21	24	24
USA	4	4	3	5	8
Singapore	27	26	18	9	11
Ukraine	88	87	87	88	88

The second indicator of assessing the efficiency of resource use is quite difficult to calculate because of the difficulties in obtaining statistical data. The Organization for Economic Co-operation and Development annually publishes the Compendium of Productivity Indicators, but only 34 countries are included in the productivity rankings and Ukraine is not among them.

Another way to assess the productivity of production factors is to calculate such an indicator as "total factor productivity" (TFP). There are a lot of methods for its estimation, but the whole variety of these methods should be divided into three groups depending on the use of tools of econometrics and mathematical statistics: econometric, index and index-econometric". Many methods are based on the construction of the Cobb-Douglas function, both for the firm and for the region or country. The most common methods are:

1. The method of calculating the Solow residual, in which the author managed to calculate the aggregate Cobb-Douglas production function according to the US statistics for 1909-1949 and linearize it by logarithmization, as a result we get the formula (2.1).

$$\ln Y = \alpha_0 + \alpha_1 \cdot \ln K + (1 - \alpha_1) \cdot \ln L + \varepsilon, \dots \dots \dots (2.1)$$

where Y - the cost of the created products;

K – cost of production assets;

L – the number of worked time;

$\alpha_0, \alpha_1, 1 - \alpha_1$ – coefficients, numerically equal to the natural logarithm of total factor productivity, elasticity of output with respect to capital and labor inputs;

ε – regression error [25, p. 21].

2. The method of R. Barro, based on the linearity of the Cobb-Douglas function, is calculated by formula (22).

$$Y = r \cdot K + w \cdot L, \dots\dots\dots (2.2)$$

where r and w – the average rental rates for capital and wages of employees.

The entire set of TFP calculation methods is based on econometric and mathematical-statistical methods of calculation and operations with statistical data and has two significant drawbacks: the presence of a significant error and complexity in calculations, which gives them a narrowly applied nature and makes them poorly applicable in studies of general theoretical orientation.

However, due to the growing relevance of measuring factor returns at the macroeconomic level, in May 2021, The Conference Board, an independent association of entrepreneurs and researchers, published the Productivity Brief 2021, backing up its analysis with consolidated economic databases containing statistics demonstrating the degree of factor growth of countries in Table 2.4, consider a sample of the countries already considered.

Table 2.4 - Total factor productivity growth

The country	Place		
	2019	2020	2021
Switzerland	0,0	1,1	0,4
Denmark	-0,6	-1,1	-0,8
Sweden	-1,5	-0,2	-0,2

Finland	-2,9	-1,4	-1,5
USA	0,5	0,6	0,1
Singapore	-1,6	0,1	-0,9
Ukraine	2,7	1,1	-0,2

Having studied the available statistical data, it can be seen that over the past three years there has been a general downward trend in factor productivity of the countries considered in the sample, most of which are currently in leading positions in terms of competitiveness, only two (Switzerland and the United States) have seen an increase in factor productivity, however, every year the increase slows down. In other countries, factor productivity is declining every year, and in Ukraine, the rate of decline in factor productivity in 2021 corresponded to the rate of Sweden and was significantly lower than in Denmark, Singapore and Finland [26, p.246].

Having analyzed the available data, we can draw the following conclusions about the competitiveness of Ukraine in comparison with a number of foreign countries and its place in the world economy:

- different methods of rating assessment illustrate the middle position of Ukraine: not being a clear outsider, it is still inferior to the world's leading economic powers in many respects;

- Ukraine's competitiveness, according to official data sources, is currently trending upwards, however, the crisis phenomena of the recent past make it difficult to predict whether this trend will continue next year and in the near future.

2.2 Mechanism of ensuring competitiveness of Ukraine within the framework of state regulation of the national economic system

State policy, or rather its peculiarities, methods and directions, is one of the main levers of national competitiveness management, since it is it that enshrines the norms and rules at the legislative level in order to adjust the process of the country's development in all spheres of life. Within this concept, the directions of development are determined by long-term systemic challenges faced by the Ukrainian economy:

- the first challenge is the intensification of global competition, which covers not only traditional markets of goods, capital, technology and labor, but also the systems of national governance, support for innovation, human development;
- the second challenge is the expected new wave of technological change, which strengthens the role of innovation in socio-economic development and reduces the impact of many traditional growth factors;
- the third challenge is the growing role of human capital as the main factor of economic development;

National competition policy is "a set of regulatory measures, normative legal acts and financial priorities of public authorities, which provide for the development and regulation of relations between business entities and improvement of the competitive market environment in order to ensure a higher level of labor productivity, consumer protection and economic growth" [31, p. 57].

The formation of competition policy is based on measures that ensure the protection of competition and measures that promote the level of competition. Accordingly, there is such a direction of competition policy as the functioning of special state bodies that monitor the activities of business entities in order to control compliance with certain rules and bring to justice in case of their violation. That is, competition policy is necessary to counteract anti-competitive abuses, with the least loss of efficiency [31, p. 55].

Since Ukraine gained independence (1991) until 1995, the first laws on the elimination of monopolies and the formation of antimonopoly legislation were developed in Ukraine. By 2000, the government introduced a system of sustainable antimonopoly control, continued to reform the laws on monopoly markets, namely their restructuring [33, p. 35]. The beginning of the XXI century was characterized by the rapid development of competition in Ukraine, due to the introduction of quite radical reforms for that period. However, they were quickly curtailed without achieving the expected results, so, since 2010, competition has been virtually destroyed, GDP indicators have been steadily deteriorating. Therefore, it is fair to say that public policy is a determining factor that affects economic growth.

The development of a competitive environment that includes the activities and interaction of each business entity in the market is the key to the effective functioning of the national economy. A high level of competition at the entrepreneurial level ensures the development of innovative activities, improvement of the quality of life and increase in incomes of the population, productivity of productive forces, improvement of the quality of goods and services, as well as achievement of high economic growth, since, under conditions of competition, entrepreneurs have an incentive to increase their own efficiency. In addition, under conditions of free competition, established prices contribute to the optimal allocation of national resources, and an efficient economy, accordingly, provides an increase in efficiency per unit of resource use, thereby contributing to productivity growth [15, p.340].

In Ukraine, in accordance with international and European standards, there are systems of regulation of natural monopolies, protection of economic competition, control of state aid to business entities. They are supported by a set of legislative acts, namely: The Constitution of Ukraine, 22 Law of Ukraine "On Protection of Economic Competition" [18], Law of Ukraine "On the Antimonopoly Committee of Ukraine" [19], Law of Ukraine "On Protection against Unfair Competition" [20], Law of Ukraine "On State Aid to Business Entities" [21]. The current stage of development of the institutional support of competition policy in

Ukraine, described in the Concept of the National Program for the Development of Competition for 2014-2024 [22], includes: the formation of pro-competitive policy, the process of de-shadowing the national economy, and competition advocacy.

The main obstacles to the effective functioning and development of competition are:

- misallocation of national resources, which makes it impossible to create additional benefits;
- inefficient state policy in the field of competition, which is the reason for the lack of a universal national system of competition and monopoly control;
- the regulatory environment for competition needs to be improved, largely due to state price regulation, which demotivates citizens from doing business;
- general underdevelopment of competition, which causes macroeconomic instability, slowing down the pace of scientific and technological progress and innovation, and reducing the inflow of foreign investment;
- markets whose productive efficiency is low, which negatively affects labour productivity and negative return on capital;
- unfair competition in the economic market, which is expressed in the provision of state aid in any form, uneven conditions for the distribution of state orders and the allocation of land, loans, etc.

It can be concluded that competition is a powerful incentive for the development of the national economy. Assessment of countries in terms of competitiveness and determination of their ranking is one of the tools for formulating public policy and determining further government actions to improve the competitiveness of the country's economy. Based on the country's position in the world rankings, it is possible to determine the extent to which the state is able to create favorable conditions for doing business and ensure the effective functioning of the competitive environment. The latter develops through direct state intervention through the opening of new markets, the elimination of anti-competitive sectoral regulation and indirect state intervention in economic and market processes through intra-industry regulation that promotes competition [24].

Having carried out a comparative analysis of Ukraine's competitiveness at the world level according to international competitiveness indices, we can conclude that Ukraine has a high innovation and educational potential. With sufficient state stimulation and financing of these sectors, the availability of potential implies the generation of various innovations, innovations, R&D. At the moment, the main obstacles to improving the competitiveness of the national economy are imperfect institutions, unfavorable political environment, low level of infrastructure development, misallocation of resources, uneven conditions of competition in the markets and low productive efficiency of the latter.

SECTION 3.

STRATEGIC DECISIONS AIMED AT INCREASING THE COMPETITIVENESS OF THE UKRAINIAN ECONOMY

3.1. Foreign experience in improving the competitiveness of the national economy

In the context of a number of countries entering the post-industrial stage of development, globalization and the emergence of new forms of management, the search for ways to improve the competitiveness of the national economy in the current situation is the most pressing issue. Many researchers are puzzled by the choice of development benchmarks and ways of economic growth. The complication of world processes, increasing competition in the markets, weakening of former leaders force all states to conduct a constant "synchronization of clocks", modernize the economy, strengthen institutions, and promptly solve urgent problems [32, p.148].

According to a study of 140 countries for 2020-2021. The most competitive country was Switzerland, the top three also included Singapore and the USA

Table 3.1 - World Competitiveness Ranking by the International Economic Forum, 2021

The country	Place in GCI	Quality of institutions	infrastructure	Macroeconomic stability	Health and primary education	Higher education and professional training	efficiency of the market of goods and services	Efficiency of the labor market	Development of the financial market	Technological level	The size of the domestic market	Competitiveness of companies	Innovative potential
Switzerland	1	5,77	6,20	6,54	6,53	6,00	5,38	5,80	5,10	6,31	4,69	5,79	5,76
Singapore	2	6,01	6,49	6,21	6,74	6,20	5,72	5,71	5,57	6,20	4,87	5,13	5,24

USA	3	4,82	5,87	4,35	6,05	5,87	5,10	5,40	5,45	5,85	6,91	5,60	5,58
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Obviously, the countries that are at the top of the rankings have information about effective ways to improve competitiveness. However, most scientists are inclined to believe that there is no universal formula for improving competitiveness, the specificity of countries in the aggregate of their social, economic, state-legal, historical, geographical and other features does not allow to derive a single formula for competitiveness. Differences in national values, culture, economic structures, institutions and historical past - all these factors play a role in achieving success in competition. There are striking differences between individual countries with regard to the nature of competitiveness: no country can or will be competitive in all, or at least in most, sectors of the economy. In the end, countries succeed in certain sectors of the economy because the environment that has developed inside is the most future-oriented, the most dynamic and stimulating initiative" [34. p. 35].

Table 3.2 - Competitiveness ranking of countries according to the methodology of the International Institute for Management Development (IMD), 2020-2021

The country	Place in the rating	State of the economy (place)	Efficiency of state policy (place)	Business efficiency (place)	Infrastructure (location)
USA	1	1	23	2	1
Hong Kong	2	9	1	1	15
Singapore	3	3	2	7	7

In search of a universal formula for economic growth, many reforms and experiments have been carried out in the world and failed. Thus, relying on the principle of assessing competitiveness through the exchange rate, interest rate and deficit/surplus state budget, many countries are trying to become leaders in these indicators. However, according to M. Porter, the effectiveness of this method is

refuted by the historical experience of Japan, Italy and South Korea, whose economies were simultaneously characterized by "rapid growth of living standards, despite the presence of budget deficits; the same can be said about Germany and Switzerland, despite the overvaluation of their currencies, and about Italy and South Korea, despite the high interest rates in these countries [59, p. 349].

Some define the degree of competitiveness by the relative cheapness of labor, but Germany, Switzerland and Sweden, despite the high level of wages in the rankings of competitiveness, are on the first places.

Increasing competitiveness on the basis of natural resources available in a particular country also does not correspond to the growth models of Germany, Japan, Switzerland, Italy and South Korea, which have little natural resources.

Recently, many researchers in search of ways to improve national competitiveness increasingly focus on the policy of protectionism because there are several historical examples. This is how Japan and South Korea have long been leaders in the automotive industry, ferrous metallurgy, shipbuilding, etc. However, there are also negative examples of protectionism: Italy, Germany and some other countries that once experienced an export boom and remained in the first echelons in terms of economic development.

Thus, for each assumption there are a lot of examples that confirm it, and just as many refuting it, which leads to the conclusion that there is no universal means of achieving success and cannot exist due to the presence of individual distinctive characteristics for each country.

In recent years, more and more countries have been building their competitiveness by increasing their innovation potential. It is becoming increasingly popular opinion that a number of leading industrial countries are on the threshold of the knowledge society or even entered the phase of its construction. Consequently, the category of "knowledge" is becoming key in defining the content of such societies [34, p.50].

In order to implement an effective innovation policy, many researchers are searching for the source of the impulse that can generate a chain reaction and lead

the economy to the path of innovative development. Thus, for example, in the early 90s, the theory of the national innovation system appeared, the main supporters of which were B. A. Lundvall, K. Freeman, R. Nelson and others.

Another point of view of the origin of the innovation impulse is the "triangle model" by J. Sabato [57]. It assumes the existence of three vertices that are in constant interaction: the state, production structures (both public and private firms), as well as scientific and technological infrastructure (universities, private and public R&D centers), but the leading role - the role of the innovation impulse - is given to the state.

The next is the theory of the triple helix proposed by R. Itzkowitz and L. Leidesdorf [58] in terms of the dominant position of institutions responsible for creating new knowledge in the system of innovation development. Due to the recent changes in society, the state is no longer able to play a dominant role in innovative development, as it is able to create knowledge, although it is responsible for the organization of its production [37, p. 7].

Depending on the choice of one or another theory, competitiveness factors will move from the economic system, through the state-legal block and to the scientific and educational sector. The difference in approaches only reinforces the thesis that there is no universal way to form an innovative economy and increase competitiveness.

The formation of an innovative economy as a source of competitiveness consists of many components: financing, demand for innovation, the ability to produce innovative products, etc. Many problems, therefore, lie in a different plane than the financial one. The President of the Fraunhofer Society of Germany, Professor H.-J. Warneke believes that almost all ultimate goals, such as increasing the market segment and improving the quality of products, are best achieved through strategies that affect the social system. Engineering and technology play a much smaller role in this process.

Currently, the United States, like all other leading countries, is exploring the field of opportunities to improve competitiveness due to the fact that in recent

years, competition from other countries has been increasing at an accelerating pace. In addition to the EU countries, a number of Asian countries, BRICS countries are already ready to compete with the United States for leading positions in competitiveness rankings. In the ranking proposed in 2021 by the International Economic Forum, the United States ranks only 3rd, behind Switzerland and Singapore. The United States is beginning to share its position as an innovative leader, many countries, such as Japan, South Korea, China, have begun to implement a state policy of transforming countries from "imitators" and "innovators" into "creators" of technologies, primarily in such areas as information systems, biotechnology and new materials" [35, p. 20].

The U.S. policy has repeatedly been an example of finding effective solutions in the field of competitiveness, many authors often mention 1988 - the year of amendments to the text of the Federal Law "On Trade and Competitiveness" in the United States, which meant a new round of increasing the country's competitiveness in the world markets. The development of education, science and personality were put at the forefront of the struggle for the country's competitiveness. As a result, the United States for the last 10 years in the ranking of competitiveness occupy 1-2 places (2004 - 2nd place after Finland) [10, p. 50]. Today, most countries of the world shift the emphasis from these sectors to the economy of innovative type as a factor in the formation of competitive advantages.

Returning to the statement about the uniqueness of each country and the existence of its own way of development based on competitive advantages, we should pay attention to the experience of Switzerland. There were neither minerals,

nor great culture, nor great science, because there were not many centers of medieval scholarship, on the basis of which universities were born (Basel and St.

Gallen can be considered exceptions), and there was no developed European nobility, which in Germany acted as a "customer" of the culture that is now considered "classical".

But there were factors that at a certain stage began to turn 180 degrees and turn from a minus to an absolute plus. First of all, it is the focus on their own local

identity and the desire to politically protect and secure this identity. And the state, which is engaged in the formulation of the agenda and brings down ready-made solutions for the people, is not here [13, p.30].

Another leader of the rankings is Singapore, a country with a unique potential, which in a few years managed to reach the level of development that many countries have been pursuing for decades. The main competitive advantages realized in this country are: low tax rates, various tax benefits that contribute to the development of globally competitive business; developed financial infrastructure, political stability, perfect elaboration of the legal system. One of the weaknesses is a significant dependence on exports, but despite this, the dynamics of Singapore illustrates the potential of a real state of a new type - based on the dynamic interaction of corporations controlling the economy. Competition among them is regulated in the national interest by a moderately authoritarian regime. It minimally interferes in economic processes agreed by corporations under the auspices of the government, but most brutally suppresses extremism of any kind (primarily communist, now Islamist), it adheres to the "gentleman's set" of democratic norms, but purposefully stimulates corporatism and competitiveness. According to some analysts, the Singapore model demonstrates the future of China, which is gradually overcoming the communist system. With the corresponding prospects [15, p.340].

Summarizing the above, I would like to note the relevance of the study of such a category as competitiveness and ways to improve it, due to the accelerating pace of global development and the need to win positions in the world arena from a growing number of competitors. The multifaceted nature of the concept of national competitiveness determines the existence of a lot of author's approaches to its assessment, factors and ways to improve it. This fact, through a careful analysis of the economic development of a number of leading world countries, refutes the existence of a single concept of competitiveness, however, the common denominator at this stage of world development can be the innovativeness of the economy, formed, again, in a completely individual manner for each country.

3.2. Problems that limit the competitive advantages of the national economy of Ukraine

The processes of globalization, which intensified at the turn of the century, require the formation of an appropriate level of competitive national economy. In this regard, the attention to both the interstate aspect of competitiveness and competition in the country has been noticeably increasing recently.

Recently, Ukraine has developed such an attitude to competition that it can bring the country to international markets as an equal partner. The assumption is that the competitiveness of the national economy of Ukraine in the world market, determined by the level of competition development, is not only necessary but also possible in the foreseeable future.

An important reason for the emergence of competition is the presence and level of development of the market economy, the quality of the market environment. A perfect market system is an illusion. In each country, the market has its own characteristics and shortcomings. The quality of the Ukrainian market environment was formed under the influence of a number of realities that distort the market space:

- the market that came to ready resources could not initially emerge as a constructive market with creative competition;
- Ukrainian markets are traditionally monopolized, which is explained by the peculiarities of the structure of the economy that developed in Soviet times, which excluded natural competition and provided for the minimization of duplication of production;
- According to the accepted international criteria characterizing the degree of market development, currently the Ukrainian economy has achieved results only in one area - the trend of sustainable economic growth. Markets for certain goods and services have been formed and are actively functioning in the country, but the development of these markets has limitations, and there is no integral system of markets;

- underdeveloped network of market infrastructure and small businesses is not able to weaken and limit the monopoly of large enterprises;

- the formation of a market economy began, took place and is taking place under conditions of distorted proportions of exchange, which allow to calculate real financial results, in particular profitability of production - the main motivation and driving force of competitiveness. In the conditions of mutual non-payments it is difficult to determine the efficiency of a particular enterprise, the competitiveness of its products and viability in the market environment;

- high volume of "hidden", "informal" and "illegal" economy. On the one hand, the presence of the shadow sector in the economy complicates, in every possible way hinders the development of competitive relations, the creation of competitive products, and on the other hand, there is and intensifies the competition between the shadow and legal capital for spheres of influence. Hypothetically, in the course of intersectoral competition (legal and illegal sectors), there should be a migration of capital and labor from one sector to another in the expectation of a higher rate of return. Due to the war, intersectoral competition objectively creates the reasons for the dynamic equilibrium of capital flows in the economy;

- The evidence of the low level of development of "marketability" and competitiveness of the economy is the "capital flight" from the country. The reasons are that there are no profitable and competing spheres of application for the national capital inside the country, the balance of supply and demand for money in the domestic market is disturbed, and as a result, there is no capital market and, most importantly, poor elaboration and uncertainty of practical implementation of legislative, legal and institutional conditions for the use of national capital for the benefit of the country's economic development.

- In the Ukrainian economic space, imported goods compete with each other rather than domestic ones. First of all, it concerns engineering products.

According to the World Economic Forum, the competitiveness growth index characterizes the country's ability to achieve sustainable growth in the medium and long term. The factors that form this index can be grouped into three areas:

- quality of the macroeconomic environment; efficiency of institutions (social, financial, etc.);
- technological level of development countries and the technical condition of industries that ensure the reproduction of fixed capital, determine the level of material and labor costs of society for the production of socially necessary goods and services, and hence the level of development and competitiveness of social production in general.

It can be stated that so far it has not been possible to form a full-fledged mechanism of internal competition, both intra-industry and inter-industry. The absence of a rigid competition mechanism is one of the main obstacles to the overflow of capital and the intensification of scientific, technical and innovative activities, and even to increasing the level of openness of the Ukrainian economy. The main general problems limiting the development of manufacturing industries and competitive relations in the monopolized sectors of the Ukrainian economy are low technical level of production, high degree of physical and moral depreciation of equipment, insufficient investments for renewal and implementation of promising scientific and technical developments, an extensive chain of trade intermediaries whose activities are not transparent and to which it is often impossible to apply antimonopoly regulation measures, high administrative and economic barriers to entry into the market, and high level of competition in the sector. At the same time, there are specific problems in certain sectors of the economy that hinder the development of intra-industry competitive relations.

Initially, the solution of the task set by the government to develop competition in the Ukrainian economy was supposed to be carried out in two directions: through antimonopoly policy and through competition policy. However, these concepts gradually merged. Currently, competition regulation is carried out through antimonopoly legislation. As a result, the level of achievement of

competition development in governmental materials on socio-economic and budgetary projections for the short and medium term is reflected through the following indicators: the share of eliminated violations in the total number of detected violations of antimonopoly legislation; the share of repeated violations of antimonopoly legislation in the number of violations; the share of economic entities from the total number of respondents who believe that the state of the competitive environment has improved over the past period.

The development of competition and reduction of the non-market sector can be achieved by: creating and maintaining a favorable competitive environment; reducing the share of monopoly sectors of the economy; increasing the transparency of natural monopolies and the availability of goods produced by them. In the future, the priority will also include the implementation of measures to carry out reforms in the field of technical regulation, stimulating Ukrainian producers to compete in the global arena and expanding the access of effective foreign producers to the Ukrainian market, stimulating technology imports and improving the quality of corporate governance, judicial reform.

These approaches miss the main factor of competition development, namely, the development of production of both traditional and innovative products.

The competitiveness of a country should not be understood exclusively in a narrowly opportunistic sense, i.e. the ability of a country to supply goods and services to the world market at the prices of their possible sale. It is determined by a number of factors: the structure of the national economy, taking into account long-term strategic and geo-economic prospects, its structural parameters should correspond to the state and vector of development of the structure of the entire global world economy; can be considered through the prism of competitiveness of individual institutional sectors of the economy, reproductive processes, economic resilience to risks, hazards, crisis phenomena, the level of involvement of individual segments of the economy (regions and regional associations, industries, activities, segments of the population, individuals) Thus, the concept of "country competitiveness" is expanded.

In the global economy, national competitiveness is supported and strengthened by the competitiveness of transnational corporations (defined by the country of base and the dominant role of national capital) - the main actors of globalization processes.

Competitiveness of the Ukrainian economy as a basis for economic growth, improvement of welfare and quality of life is a strategic goal set by the Government of Ukraine

The goal of the long-term development of the country's economy from the standpoint of achieving competitiveness in the global space in such a formulation of the issue can be the construction of such a structure of reproductive potential that would contribute to the development of competitive advantages (which, according to M. Porter, "are not inherited, but created") and meet the requirements of rapid (in terms of reaction speed) adaptability (adequacy) to the changing environment.

The governmental materials formulate systemic competitive advantages and disadvantages that the economy of Ukraine can rely on to form a system of goals of ministries, agencies and services that allow successful integration into the world economy, while analyzing systemic competitive disadvantages to avoid setting unattainable goals and wasting financial, material, managerial and other resources. However, it can be concluded that: firstly, the government in the development of advanced materials relies mainly on inherited advantages based on its geographical and historical features, availability of biological and raw materials.

The economic practice of Ukraine has developed the following system of key indicators for achieving the goals of increasing the competitiveness of economic growth. The development of free and competitive markets is characterized by the average total costs of a legal entity to overcome barriers to market entry. Growth of production of economic entities - production of industrial products, growth of labor productivity and reduction of energy intensity of GDP. Improvement of the investment climate is analyzed by the stock market capitalization (at the end of the year), investments in fixed assets and foreign

investments. Improvement of business competitiveness is reflected through exports of industrial products, exports of machinery and equipment, the share of domestic food products in total sales in the domestic market, the share of innovative products in total sales of industrial products in the domestic market, and the competitiveness index of the national economy.

According to the World Economic Forum, the competitiveness growth index characterizes the country's ability to achieve sustainable growth in the medium and long term. The factors that form this index can be grouped into three areas: the quality of the macroeconomic environment; the effectiveness of institutions (social, financial, etc.); and the technological level of countries.

Traditional factors are invariably in the focus of attention of macroeconomists dealing with the problems of economic competitiveness growth. It is rightly argued that the very pace, quality and long-term sustainability of economic growth increasingly determine its competitiveness. At the same time, the impact on competitiveness of the processes of GDP creation and, to a greater extent, distribution and its structure are in the periphery rather than in the centre of attention. Statistics show that structural distortions and trends are only getting worse. The fundamental, "bearing" proportions of the economy, which determine its competitiveness in the long term, are the ratio between: the growth of produced and used GDP, which reflects the amount of aggregate demand of the economy; effective demand of individual institutional sectors of the economy: non-financial corporations, financial corporations, public administration, households, non-profit organizations serving households; intermediate consumption (IC) and gross value added (GVA); production by types of economic activity in the context of institutional sectors; high- and low-tech sectors of the economy, etc.

The decisive factor in the macroeconomic competitiveness of the country is the relative level of its technical and economic development, which is determined by many parameters: the share of national production; the share of extractive and manufacturing industries; the share of high-tech industries in these sectors; the

share of services in GDP; the share of exports in GDP; the structure of current exports; the share of high-tech, science-intensive products in it, etc.

The main factor of national competitiveness growth is the innovation factor. It is also a "pass" to a closed group of countries with a high rating level of competitiveness.

From the statistical data it can be concluded that there is a direct correlation between the share of high-tech products in merchandise exports, the share in world exports of information technology and the current competitiveness index (ranking in the world). However, information about Canada shows that there are other factors that influence the country's high competitiveness ranking in the world. With a low share of information technology in world exports (1.2%), a low share of high-tech products in merchandise exports (15%), Canada ranks 14th in the world in terms of competitiveness.

The practice of all countries developing through innovative growth has confirmed that the main entity capable of providing more favorable conditions for the formation and support of innovative industrial development is the institutional and legal conditions, reducing the level of innovation risk, stimulating and financing innovations should be the state.

The government of the country repeatedly declares the need for the transition of industry to an innovative way of development in the programs of economic development, resolutions and orders, forms a program of action, strengthens legislative and legal, and in some cases, tax support in this direction.

But there are no significant results yet. The main reasons for this are: the lack of a system of demand, needs and cross-cutting motivation for innovation; the dominant orientation of industrial producers to solve current, rather than long-term strategic tasks; weak evidence base and reliability of the calculation of the financial payback of innovation projects; uncertainty of interaction with the tax and budget system both in terms of tax revenues and tax regulation of innovative development, etc.

The spread of the network economy, which gives reason to believe that the improvement, enhancement or optimization of existing structures will determine competitiveness and its growth in the future. The logic of competitive advantage dictates that it is impossible to ignore the role of the Internet, the widespread introduction of information systems in the current conditions.

In general, the structure of the national economy of Ukraine, which largely determines the level of competitiveness of economic growth, remains inefficient, does not contribute to the formation of competitiveness of the economy, which is mainly based on the export of resources and, obviously, needs to be modernized as one of the tools for realization of national interests of Ukraine, ensuring a worthy place of the country in the world economic system. The main directions of effective international integration can be:

- consistent harmonization of Ukrainian legislation, standards, documentation and statistics with those in force in international markets of goods and services;
- gradual bringing of the legislative and regulatory framework, including at the regional level, in line with the WTO rules and regulations;
- formation and development of the common economic and institutional space of the EU countries;
- development of cooperation with the EU in order to ensure effective interaction of economic and institutional systems of Ukraine and the European Union;
- participation of Ukrainian companies and entrepreneurs in the creation of joint ventures, as well as in competitions and tenders for the privatization of enterprises, primarily in the EU countries;
- expansion and deepening of Ukraine's cooperation with international organizations in the implementation of interstate agreements in the field of development strategy;
- implementation of innovative projects with foreign technical, technological or financial participation on favorable terms for Ukraine;

- development of interaction within the framework of regional cooperation in order to realize the innovative potential of Ukraine;
- increasing the role of Ukraine in the created integrated innovation system of cooperation;
- participation in international projects and programs, support of regional initiatives that meet the national interests of Ukraine;
- development and support of the system of logistics chains for promotion of Ukrainian science-intensive and high-tech goods on the world market.

Ukraine's economy has a huge potential of competitiveness, but current processes in the social and economic spheres do not express its effective implementation in the domestic market.

World practice has accumulated considerable experience in constructive creation and use of competition and competitive relations. A wide range of tools and methods of regulating the level of competitiveness has been developed in the economic science and reality of many industrialized and market developed countries. Direct borrowing of foreign approaches is complicated by the specifics of our conditions and immaturity of the market environment.

A strong country will be the one with active national participants in the global market, capable of determining global trends in the development of science, engineering, technology, financial flows. The practice of protectionism of national industries in the open economic space can do a disservice. Convenient conditions that are created cannot be provided indefinitely. But at the same time, global interests should not be forgotten about national internal competitiveness, the care of which is expressed through the development of the concept of national competitiveness as a system of concepts and tasks with the allocation of the main idea of the guiding idea and constructive principles; constant work to create competitive advantages, the formation of a layer of entrepreneurs who have economic competitive thinking that determines the scale and nature of production activities; strategies, concepts and policies of industrial, innovative development, and the development of the national economy.

3.3 The main directions of ensuring the competitiveness of the Ukrainian economy

"Competitiveness at the Crossroads: Directions for the Development of the Ukrainian Economy" attempts to prioritize the Ukrainian economic policy by identifying its main directions, which ensure the improvement of national competitiveness.

The following main directions can be distinguished [7, p. 50]:

- 1) formation of a national economic strategy that provides guidelines for further economic development;
- 2) implementation of coordinated programs to strengthen the institutional environment, improve the general conditions of economic activity, support the development of clusters, create competitive regions and establish mutually beneficial economic relations with neighboring countries;
- 3) choosing a path of development that will use the strengths of Ukraine and ensure diversification of the economy with the elimination of excessive dependence on natural resources.

More schematically, the author's approach can be studied in Figure 3.1

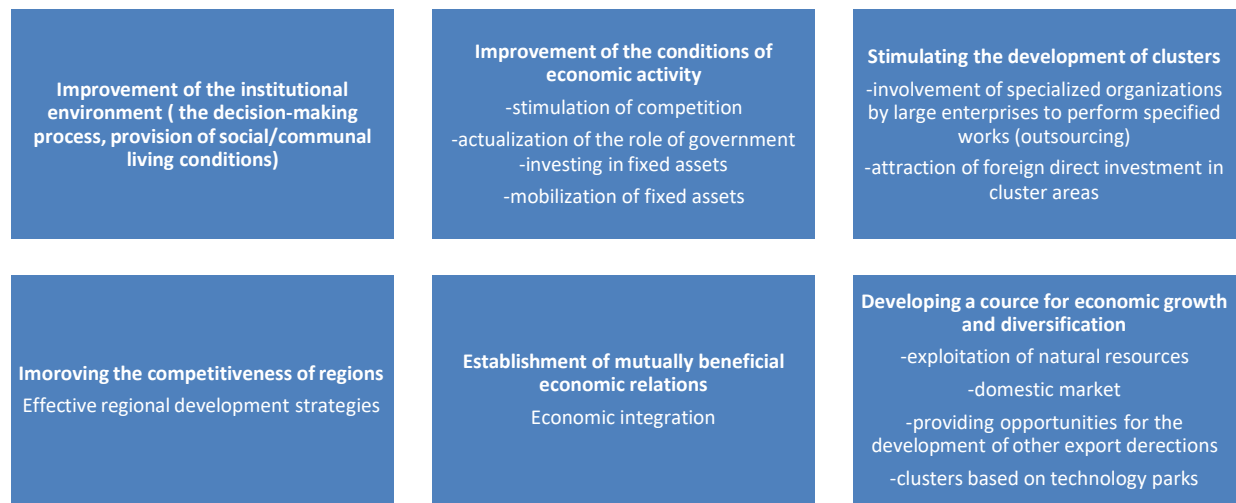


Figure 3.1 - Priorities of Ukrainian economic policy

The first stage according to Michael Porter is the formation of a national strategy. In this concept, the main target benchmarks for Ukraine are proposed:

- 1) high standards of human welfare (increase in income and quality of life);
- 2) social welfare and harmony (increasing the level of trust in the society, both in public and private economic institutions, reducing polarization in the society, formation of the middle class);
- 3) economy of leadership and innovation (preservation of positions in the energy sector, extraction and processing of raw materials, formation of a competitive economy of knowledge and high technologies);
- 4) balanced spatial development (formation of growth centers based on the implementation of resource, innovation, industrial and agricultural potential);
- 5) globally competitive economy (integration into the European space);
- 6) institutions of economic freedom and justice (expanding freedom of entrepreneurship, ensuring the efficiency of the public administration system, maintaining social justice);

7) security of citizens and society (increasing the level of national security, including economic and food security).

The chosen directions of the development of the Ukrainian economy are fully consistent with M. Porter's approach to the ways of development of Ukraine at the present stage on all 5 points. However, with all the elaboration of the list of main tasks, this concept once again faces the problem of declarativeness, as evidenced by the fact of the existence of the development program on paper and the weak intensity of its implementation.

Nowadays, the mentioned transition to innovative development in a cluster way reproduces the problems in Ukraine throughout the entire period associated with the transformation of the socio-economic system of the command-administrative type to the market one. Firstly, distrust in public authorities and their policies, according to studies, due to the extremely high level of corruption of most Ukrainian government agencies, they can hardly become real subjects of innovative development [24. Secondly, a negative assessment of entrepreneurial activity, in particular, equating entrepreneurial success with involvement in corruption, and thirdly, the optional implementation of legislative norms and regulations. All this acts as a significant hindrance to socio-economic development and implementation of modernization programs, turning rule-making from reform activities into a formal process of creating documents. In our country, activities in the field of innovative development have been a priority for many years. Laws on innovative activity have been adopted, development of innovative strategies and programs at the national and regional levels has become a special genre of rule-making.

This is evidenced by the fact that for a long time in Ukraine there have been legislative acts on the basis of which the formation of innovative institutions should take place. The following directions of innovative development of Ukraine should be noted

- reliance on domestic scientific potential;
- stimulating the development of fundamental scientific research;

- creation of conditions for healthy competition and entrepreneurship in the field of science and technology, stimulation and support of innovation activities;
- creation of conditions for the organization of scientific research and development in order to ensure the necessary defense capability and national security of the country;
- integration of science and education, development of an integrated system of training qualified scientific personnel at all levels;
- formation of economic conditions for the wide use of scientific achievements, promotion of scientific and technical innovations key for the Ukrainian economy;
- promotion of modern scientific achievements, their importance for the future of Ukraine.

CONCLUSIONS

Having analyzed the concept of national competitiveness, methods of its assessment and measurement, world experience, Ukrainian peculiarities of its formation, the following main conclusions can be drawn:

1. Competitiveness is a complex, multifaceted concept, in addition to different approaches to the definition of this term, there are also many levels of its study from micro - at the enterprise level to macro - national competitiveness.

2. The existing assessment tools of national competitiveness represent a separate layer of research that accumulates many approaches and methods, which allows to assess the economy by completely different indicators and based on completely differentiated data.

3. The factors that determine national competitiveness, in the presence of many studies devoted to their derivation, classifications, groupings and other attempts to universalize them, are a unique combination for each country, based on a lot of economic, state-legal, historical, social, as well as spiritual and cultural features of development.

4. The study of foreign experience in improving competitiveness demonstrates completely different methods and approaches to this task, confirming the impossibility of a universal formula for improving competitiveness. However, the study of the data on the components of competitiveness of the leading countries reveals the particular importance of the quality of the institutional framework of the national economy, the level of infrastructure development and innovation orientation.

5. The middle position of Ukraine in the rankings of competitiveness of national economies, and even the analysis of its weaknesses, allows us to identify the main areas that require immediate reform. The primary task in the process of increasing the competitiveness of the Ukrainian economy is the formation of effectively functioning institutional structures, which currently act as a factor that slows down and often blocks socio-economic development, and on the basis of a

sustainable institutional framework to create conditions for increasing the level of innovation of the national economy.

6. Based on the studies available in the literature, the article classifies methods of state regulation of the national economy in the field of ensuring its competitiveness. In addition to the state-political methods, institutional and spiritual-cultural methods are allocated, since it is the existing institutional structures and spiritual-cultural basis that often became the inhibiting factor of many reforms.

7. The main problems limiting the realization of competitive advantages, taking into account the experience of socio-economic development of the regions and the country, in addition to institutional and innovative ones, are underdeveloped infrastructure, the size and structure of the domestic and foreign markets, the state of fixed assets and the efficiency of their use.

8. Among the main directions of ensuring the competitiveness of Ukraine, in particular, the formation of an innovative socially oriented economy through clustering is considered.

Thus, in the current conditions, in order to form the ability to withstand competition in the face of growing efforts of world leading companies to increase competitiveness, Ukraine also needs a state competition strategy, which should be aimed at achieving competitiveness, creating conditions for the realization of state interests in the presence of a tough competitive environment.

Competitive strategy can ensure the effective use of advantages and resources intended for the creation of competitive objects. Undoubtedly, Ukraine, along with the shortcomings of competitive reserves, has resources and great, but not yet realized advantages for increasing competitiveness.

The key mechanism for increasing the level of competitiveness of Ukraine is seen as a competitive strategy and competition policy of the state, which, through the strategically correct definition of vectors and priorities of reforms focused on sustainability, will allow to effectively use Ukrainian competitive advantages and resources, and to achieve the level of competitiveness of the country necessary for

a decent existence in the difficult conditions of a tough global competitive environment.

Thus, the task of restoring the status of the state in economic and technological terms, the transition of the Ukrainian state from the "lower" to the "upper path to competitiveness", the return of lost and gaining new, higher positions in education and science, social sphere will be quite real.

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**PECULIARITIES OF INTERNATIONAL BUSINESS IN THE
CONDITIONS OF A FULL-SCALE INVASION OF THE RUSSIAN
FEDERATION INTO UKRAINE – DEPARTMENT OF
INTERNATIONAL MANAGEMENT**

We can very well see the current situation in Ukraine where there are over 100 missiles fired all over Ukraine and stations are going worse day by day. Lives rent as valuable as they used to be back in those days, today's era is all about flexing weapon muscles and geopolitical game. It's not easy to see bombs being bombarded on our motherland Ukraine, children's losing their lives and people being forced to move out of the country either by car or by foot. In today's era where all the world leaders should be talking about hunger, carbon emission, poverty and inflation, instead we are busy promoting war and not using any diplomatic approach to cool down the situation. It's very important to know the fact that:

*WAR NEVER WAS, NEVER IS & NEVER WILL A SOLUTION TO ANY
PROBLEMS!!*

The war has disrupted many economical sector of not only of Ukraine but also of Russia and slowly and gradually it is affecting the world. If we look at the global price then a large-scale interruptions in Russia and Ukraine, two significant producers of commodities, have driven up prices everywhere, particularly for oil and natural gas. There will be a wheat shortage in the future, albeit it will undoubtedly have less of an effect on large, industrialised nations. Those in less developed nations will nonetheless suffer. Food costs have increased as well because up to 30% of the world's wheat exports come from Ukraine and Russia. The IMF revised its estimates for world growth in 2022 and 2023 and predicts that the conflict in Russia and Ukraine will grow out of control far and wide, adding to price pressures and worsening important

policy concerns due to its economic effects. Even before the war, there had been a slowdown in global recovery due to rising geopolitical tensions, ongoing COVID-19 flare-ups, declining macroeconomic support, and persistent supply bottlenecks. And look at the most important sector that is the energy sector where Russia is a significant supplier of natural gas, which is the main overflow source for Europe. The World Bank observed that due to limited spare capacity, especially that of import and export terminals, and the necessity of transporting natural gas as liquefied natural gas, the price increase for natural gas in Europe has been particularly severe.

War in Ukraine because of Russia has affected important train networks that travel via China to reach Europe. A few businesses have already stopped shipping goods via rail from China and Russia to Europe because they are worried about border interruptions. The first freight train that was supposed to go from Da Nang to Europe in March has been postponed. The train was supposed to transport furniture and would have passed via China before joining the rail network that connects Asia and Europe. Also the shipping and supply chain issue that the globe has been dealing with since the COVID-19 pandemic's onset has been made worse by the conflict between Russia and Ukraine. Companies that operate in shipping and rely on long-route logistics will continue to be impacted by this. Average shipping times have been markedly slowed by logistics bottlenecks and an imbalance in supply and demand, which has led to a major global scarcity of shipping containers. The price of freight containers and freight services has increased dramatically as a result of fierce competition amongst businesses looking to lease or buy containers. And the most painful part is the displaced people because of this war, in one of the fastest-expanding refugee crises in recent memory, more

than 5.8 million people have fled Ukraine. With their resources already strained by crises elsewhere, humanitarian organisations have jumped into action. In light of the potential departure of 8.3 million people from Ukraine, the U.N. refugee agency has appealed for increased financial assistance for both refugees and their host nations, as both confront difficulties in gaining access to resources including food, housing, transportation, education, and money.

A dreadful evil, war. An armed conflict between nations is mentioned. The families of those killed in battle endure great hardship as a result of the conflict. Property, riches, trade, industry, and other things are all extensively destroyed during the conflict. It completely disrupts people's social lives. Many claims that war is the sole means of resolving international conflicts and that it is a necessary evil. However, in reality, war only breaks out because individuals are unwilling to resolve conflicts amicably. Peace is the absence of all agitation. It alludes to instances when there isn't a war or conflict between states. The world will undoubtedly discover a path for peaceful coexistence once people begin to see that wars are pointless and opt to end all hostilities. The desire for peace is shared by all people. Humans are peaceful creatures by nature. War does not provide evidence to support the notion that humans are a fighting species. Even war crimes did not affect people's innate desire for peace. The terrible scientific advancements pose a menace to contemporary society. However, the real threat comes from war, where the power of science is abused, not from science. It is one thing to maintain a nation healthy and strong and to save it; it is quite another to install a mentality of unrestrained aggressiveness and devastation inside it. For all they that take the sword, must fall with the sword, must be fully understood by the modern

countries in their hearts. The globe will only experience true peace at that point.

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