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5.3 Factors and phase of economic competitiveness - their manifestation in Ukraine

Change the paradigm of macroeconomic development in the formation of the knowledge economy, the growth of openness of national economies under the influence of globalization creates an urgent need to rethink the foundations of economic competitiveness, taking into account the transformation of its factors. In modern society, the relative importance of natural resources and labour is decreasing; the role of new factors of economic activity is growing, which depend on investment in innovation and the development of knowledge infrastructure.

In this context, the synthesis of neoclassical and institutional approaches to the analysis of the innovative foundations of the competitiveness of the modern economy seems productive. Within the neoclassical approach, the key ideas in the study area lie in line with M. Porter's theory of competitive advantage, according to which national competitiveness is associated primarily with the ability of enterprises to constantly innovate develop. The scientist identifies four stages of competitiveness of the national economy, which correspond to the driving drivers of growth of the competitiveness of the national economy. These are factors of production, investment, innovation and wealth [167].

The system of modern factors of competitiveness includes basic, progressive, general and specific factors. The main factors (natural resources, climatic conditions, geographical location of the country, unskilled and semi-skilled labour, etc.) exist objectively, or to create them requires small public and private investments. As a rule, the advantages created by them are unstable, and the profit from use is low.

Progressive factors (modern infrastructure, high technology, highly qualified personnel, etc.) are higher-order factors and need capital investment and human resources. In addition, the basic factors must be of sufficient quality so that complementary factors can be created on their basis, which is a reliable source of competitive advantage.

Common factors can be used in a wide range of economic activities. In contrast, specialized factors are used in one or a limited number of industries, but form a more fundamental, long-term basis for competitiveness. Competitive advantages, which are based on a combination of basic and general factors, act as advantages of a lower order (extensive type), they are short-lived and unstable. To a greater extent, competitiveness can be increased due to developed and specialized factors; they are a prerequisite for innovation of economic entities.

Criteria for classifying factors as develop or specialized are strengthened under the influence of scientific and technological progress. Therefore, the resource factor as the basis of long-term competitive advantage is depreciated if it is not constantly improved. Thus, in modern conditions, the main factors of business competitiveness are its ability to innovate and modernize, achieve competitive advantage through innovation, creation and development of knowledge, which, accordingly, will contribute to the formation of innovative imperatives of competitiveness of the national economy.

In Ukraine, the problem of maintaining competitive positions in the world market is important, because in modern conditions the factors that could contribute to the growth of competitiveness in the future are lost: technical and technological, innovation and investment, system and other factors (Table 1).

Despite the growing importance of globalization, national competitiveness is determined by a set of factors that depend on specific, local conditions. Differences in the economies of countries, in their culture, population, infrastructure, governance, national values and even in history – all this to some extent affects the competitiveness of national companies. Country competition is the competition of laws, administrative procedures, taxes, as well as monetary, financial, trade, legal, educational, social, environmental and judicial systems. Each industry is constantly improved and updated. As the formation of the global economy is not yet complete, Ukraine has the opportunity to win a worthy place in global competition. To fully participate in the competition in world markets requires the creation of competitive production that can ensure the accelerated quality of economic growth.

Table 1.

Factors of competitiveness and their manifestation in Ukraine

Factors of the country's competitiveness	Peculiarity of their manifestation in Ukraine
Technical and technological	low technical and technological level of production; high level of physical and moral depreciation of fixed capital.
Innovation and investment	innovation and investment passivity of enterprises; lack of investment for the reconstruction of old capacities; deepening the innovative lag of production from global trends; low "innovative" quality of investment in the development of national competitive advantages.
Internal demand	low real incomes; uneven distribution of income between different social groups.
The position of the market infrastructure	underdeveloped infrastructure of commodity markets; low quality of corporate governance; low efficiency of the financial system; low efficiency of the tariff regulation system (insecurity of domestic producers in relation to "organized" importers); insufficient development of modern information technologies; high transaction costs of economic and investment activities of enterprises.
Systemic	low efficiency of methods of state regulation; lack of competitive business environment; high transaction costs of economic and investment activities of enterprises; inconsistency of the legal framework, including in the field of taxation.
Science and education	ineffective protection of property rights; low competitiveness of the educational system; lack of proper financial state "support" for universities implementing innovative programs; lack of a system of educational loans.
Social production	lack of sufficient funding for science, low share of knowledge-intensive products in exports; suspension of the process of expanded reproduction; low quality of life; social polarization of society (lack of equal right of access to socio-economic benefits); low level of investment in health care.

In the ranking of the World Economic Forum for 2018, Ukraine took 83rd place among 140 participants in the ranking (57 points out of a possible 100), in 2017 Ukraine - 89th place among 135 participants. After a period of relative stability of the rating in 2006 - 2008 (69, 73 and 72nd places, respectively), the country was in the ninth ten countries where it was before [168]. In the 2019 ranking, Ukraine ranked 85th out of 141.

You can also track the annual changes in a single indicator and component, which form the overall rating of the country in 2018-2019. Ukraine's position deteriorated compared to the previous year according to the new methodology in 11 components, and only one, "Business sophistication" recorded positive dynamics. Ukraine received the most points in such components as "Skills" (45th place), "Market size" (47th place), "Infrastructure" (57th place), and "Innovation" (58th place). And according to the "Quality electricity supply" indicator, Ukraine even managed to take the first place. However, Ukraine shared this first place with 66 participants in the ranking.

The components that indicate the low level of Ukraine in the ranking were "Macroeconomic environment" (131st place), "Financial market development" (117th place) and "Institutions" (110th place). Compared to the data for 2019, the indicators of macroeconomic stability deteriorated from 131st to 133rd, the financial system - to 136th, health care - from 94th to 101st. At the same time, Ukraine managed to rise in the ranking of "Business sophistication"- from 86th to 85th, from "Labour market efficiency"- from 66th to 59th, from the "Market size" - from 73rd to 57th.

Indicators related to low indicators for Ukraine include: the impact of organized crime on the cost of doing business, inflation, debt dynamics based on the country's credit rating, terrorism, independence of the judiciary, protection of property rights, quality of roads, impact of taxes, subsidies and competition, wage flexibility, bank reliability, the share of problem loans, the growth rate of innovative companies.

The closest to Ukraine in the ranking are the Dominican Republic (82nd place) and Macedonia (84th place). Ukraine's geographical neighbours overtook it: Russia took 43rd place, Poland - 37th, Slovakia - 41st and Hungary - 48th, Romania - 52nd. Below was only Moldova (88th place), and Belarus has traditionally not been ranked. The United States topped the rankings, followed by Singapore and Germany. Last year's leader - Switzerland - took 4th place. Yemen and Chad have the lowest level of competitiveness [169].

Thus, for all three groups of components of the rating: basic requirements, efficiency enhancers and factors of innovative development, Ukraine has a negative trend. At the same time, the most important are the assessments of the first ten components of competitiveness, as the country is in the second stage of development according to the WEF methodology. With a low level of factors of production, institutions and measures of state influence that affect the level of the national economy, Ukraine has a low level of competitiveness of national business. According to WEF experts, Ukraine will not be able to rise in the rankings without institutional progress, as this is one of the main factors hindering its development [170].

In our opinion, this requires the introduction of a mechanism to stimulate economic activity and development of the internal market, which provides for

institutional and regulatory changes. First of all, it is demonopolization and the formation of a competitive environment, the separation of big business from power (deoligarchization); reduction of the shadow economy, anti-corruption measures in the field of open e-government; reducing the tax burden on business.

The component of economic policy should be the selective support of the development of priority economic activities, technological modernization of production and introduction of innovations in order to increase energy efficiency and competitiveness of traditional sectors of the economy; support for the development of industries - potential leaders in import substitution and development in international markets; development of "strategic leaders" - science-intensive economic activities, stimulating entry into international production networks through the creation of new promising industries and related services through the development and optimization of its own research base, cooperation with global leaders, creating innovation clusters.

An important condition for the successful modernization of the national economy is the acceleration of the pace of reforms from the short-term cycle model to the long-term paradigm of sustainable development. To do this, it is necessary to use the classic built-in mechanisms to increase the investment activity of economic entities; increase in the working population; increase of labour productivity, quality of education, professional training, industrial culture and ethics; transition to new types of raw materials and energy.