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Kyiv National Economic University
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**FORESIGHT MANAGEMENT:
FORMATION AND TRANSFORMATION
ADAPTIVE BUSINESS
ORGANIZATIONS**

*International
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The monograph is devoted to the improvement of theoretical and methodological and scientific and methodological provisions, the development of practical recommendations for foresight management: the formation and transformation of adaptive business organizations. The Foresight is a system of methods for the transformation of priorities in the area of economy and production, social and cultural development. Analysis of Foresight Competencies as a component of dynamic capabilities of enterprises demonstrates their leading role in the implementation of the remaining components of dynamic capabilities, as well as the fact that the Foresight of enterprises exerts a transformative impact on the development of the system, helping to convert, rather than only predict, the development of a sector or an enterprise. The Foresight includes the application and transformation of enterprises' routine work, as well as innovations in production and industrial relations. It aims at selecting and using the change markers – weak and strong signals of future and probable changes. Active and accurate identification of these markers of change, including the application and modification of the enterprises' routine work makes it possible not only to predict implicit trends but also to intervene in the course of processes, adjusting them with the least amount of utilized energy and resources. In addition, it allows influencing both the markets themselves and the reality of enterprise activity as a whole. Given the Foresight Competencies,

an enterprise not only efficiently adapts to the changes in the environment (market), but also participates in changing it. Therefore, special attention is paid to the study of the international experience of Ukraine, Belarus, Georgia, Poland in the implementation of behavioral economics, reputation management and social responsibility of business, risk management in transformation periods, management of financial and information systems in business, accounting and analytical support of management activities, modernity technology partnerships and inter-firm cooperation, modern logistics management and effective marketing, strategic management of competitive advantage of business I bear the innovative methods of teaching economic disciplines in high school.

The publication is of interest to economists, civil servants, scientists, lecturers and post-graduate students whose activities relate to the topic.

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6.5 FORMATION OF THE ORGANIZATIONAL AND ECONOMIC MECHANISM OF INCREASE COMPETITIVENESS OF UKRAINIAN MILK PROCESSING PLANTS

Each management's subject must clearly present for the future the need for financial, labor and intellectual resources, the sources of their receipt, and also be able to effectively use the available funds in their activities. Competitiveness of the plants implies its ability to maintain or improve competitive positions in the target market and influence the market situation through the supply of quality products, meeting the specific requirements of consumers and ensuring the efficiency of the enterprise's operation [1, p. 281]. The urgency of the problem lies in the fact that Ukraine's accession to the World Trade Organization and the agreement on a free trade zone with the countries of the European Union have created significant challenges for Ukrainian agriculture and led to significant structural changes in the country's dairy industry. There was a need to adapt the milk processing industry of Ukraine to improve the efficiency of its enterprises and increase their competitiveness.

Problems of competition and competitiveness as economic phenomena were dealt with by G.L. Azoev [2], A.E. Voronkova [3], I.Z. Dolzhansky [4], S.M. Klimenko [5], V.P. Miklovda [6], M. Porter [7], R.A. Fatkhutdinov [8], A.Yu. Yudanov [9], A.G. Yankova [10] and other scientists. These scientific studies are very important, but they do not sufficiently solve the problems associated with the formation and improvement of the competitiveness level of milk processing enterprises.

The purpose of the study is to identify the problems of Ukrainian milk processing enterprises and the formation of an organizational and economic mechanism to increase their competitiveness.

In the conditions of dynamic changes in the external environment, enterprises will not be able to achieve sustainable development unless they clearly and efficiently plan their activities, constantly collect and accumulate information about the state of the target markets and the positions of competitors on them, and about their own capabilities. One of the main components that affects the competitiveness of an enterprise is the level of product competitiveness. The production of high-quality products with the optimal amount of costs associated with its manufacture is considered not only as a factor of increasing competitiveness, but primarily as a condition for the functioning of enterprises in the market [11, p. 79].

Competition in each industry has its own influence factors. In the dairy

industry, the main factors affecting the level of competition are the prices of raw material suppliers and consumer preferences. Despite the fact that competitors within the dairy industry differ substantially in their goals, strategies, position and origin, the industry has general rules that are specific to it, and the effectiveness of the functioning of this industry depends primarily on the internal conditions of competition. In addition, various short-term factors affect the dairy industry: seasonal fluctuations in milk production, difficulties in providing raw milk processing enterprises with raw materials, fluctuating demand, and the like.

Milk consumption in Ukraine is one less than in developed countries, which affects the quality of nutrition, since it is dairy products and milk that are valuable and indispensable food, especially for the elderly and children. Thus, the dairy industry in Ukraine should develop. But the increase in milk production is constrained by the low profitability of livestock and the fact that the majority of the country's population can not buy the necessary amount of dairy products because of its high cost [12, p. 502]. According to the State Statistics Service of Ukraine [13], table 1 analyzes the price indices of dairy producers for the period 2013-2017.

Table 1

**Producer price indices of industrial products in 2013-2017.
(to the corresponding period of the previous year),%**

Period	Manufacture of dairy products				
	2013	2014	2015	2016	2017
January	97,3	116,9	110,7	127,9	127,5
January - February	97,4	117,6	110,5	128,3	127,4
January - March	98,1	118,3	112,7	126,2	127,1
January - April	99,2	118,7	114,4	124,0	127,1
January - May	100,0	118,8	115,6	122,0	127,0
January - June	100,8	118,6	116,6	120,6	127,2
January - July	101,8	118,1	117,6	119,4	127,5
January - August	102,8	117,6	118,5	118,6	127,5
January - September	103,7	117,2	118,9	118,4	127,3
January - October	104,5	116,6	119,4	118,8	
January - November	105,4	116,0	120,1	119,2	
January - December	106,2	115,3	121,0	119,6	

Decisive trend in the Ukrainian milk market over the past five years has been a significant increase in prices for both dairy raw materials and finished products.

Today in Ukraine about 350 plants are engaged in processing milk, but almost 80% of the market is controlled by 50 plants, a large part of which is part of large holdings. In Ukraine, almost all milk products (up to 90%) are made only about 80 milk processing plants. The most competitive dairy companies in Ukraine at the present stage of development are: Lustdorf, Laktalis-Ukraine, Gadyachsy, PJSC Lviv Khladokombinat, Milkiland-Ukraine LLC (branches Mensky Cheese and Romny Dairy Plant), the Dairy Alliance (PJSC Zolotonoshsky Butter and PJSC Yagotinsky Butter Factory, Yagotinsky for Children), which since January 10, 2016 have been authorized to export milk and dairy products to the EU. This shows the European quality of Ukrainian products and its competitiveness in the international dairy market [14].

In fig. 1 considered the main reasons for the low competitiveness of Ukrainian milk processing plants in the international dairy market.

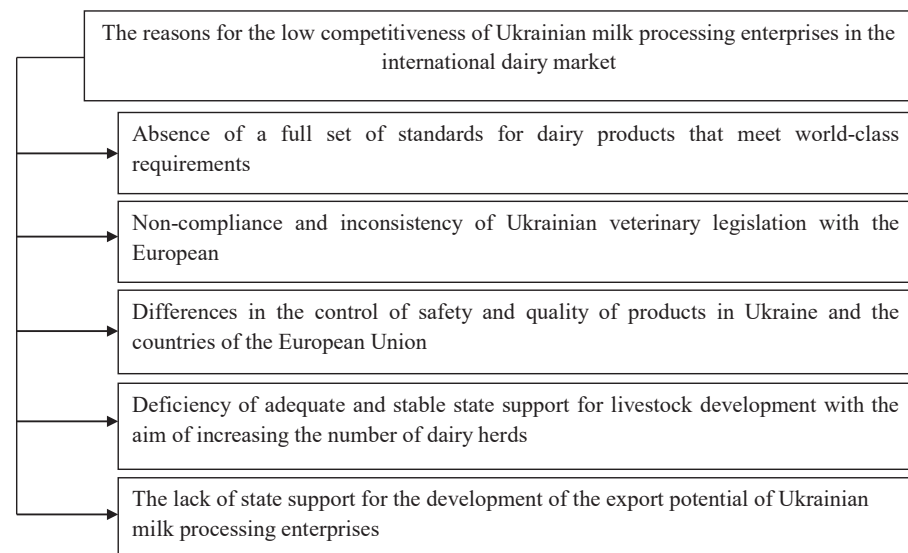


Fig. 1. The main reasons for the low competitiveness of Ukrainian milk processing companies in the international dairy market

One of the most important problems hampering the development of dairy enterprises in Ukraine is the problem of product sales markets, which is significantly related to export volatility. Increasing the volume of exports of dairy products would positively affect both the formation of the price of raw milk,

and the development of the dairy industry as a whole [15, p. 40]. The importance of state support for the development of the export potential of milk processing enterprises in Ukraine is caused by the existing danger of turning the Ukrainian dairy market into a raw material appendage for developed countries and a kind of testing ground for a critical level of safe edibility of foreign products.

Ukrainian milk processing companies are interested in supplying their products to the European Union - the second largest market in the world after the United States, where prices for dairy products are several times higher than in Ukraine. Despite the fact that in some EU countries there is overproduction of milk, experts are convinced that Ukrainian dairy products can be competitive due to their low cost.

Milk processing plants in Ukraine also have problems in the domestic market (Figure 2).

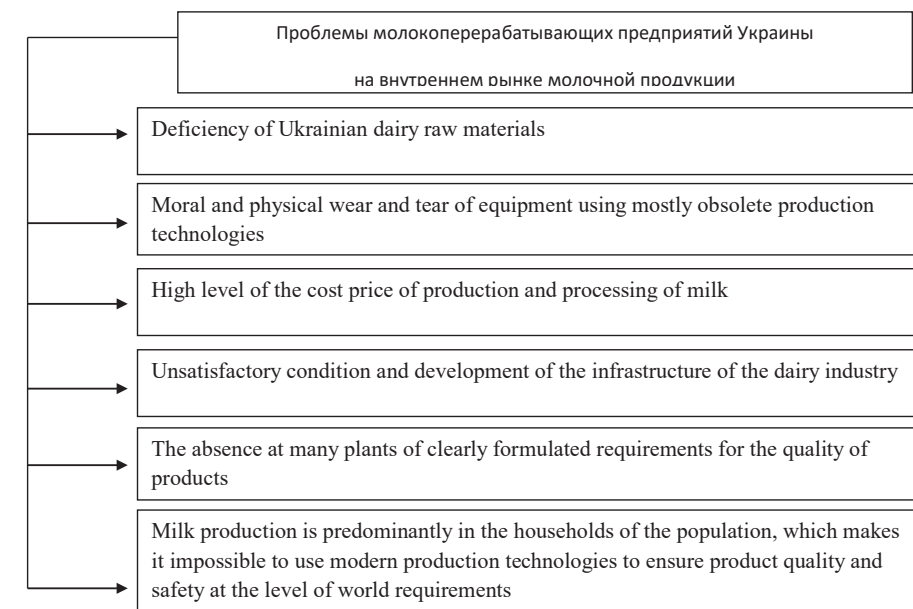


Fig. 2. The main problems of Ukrainian milk processing plants in the domestic dairy market

The main factors for ensuring and increasing the competitiveness of milk processing plants can be classified as internal (product competitiveness, innovation, efficiency level and degree of use of available resources, etc.) and external (degree of assistance to state policy, level of competition in the market, etc.).

The most problematic is the provision of stable competitive positions of Ukrainian dairy processing enterprises in the external market, since such factors as the ratio of price and quality of products, their environmental friendliness, safety for human health and storage time, cheapness of the final product and its corrupt design, as well as the terms of delivery and sale.

The problem of increasing the competitiveness of Ukrainian milk-processing enterprises must be solved in close relationship with state support of the dairy industry, advanced resource-saving technologies, as well as scientific research and achievements of Ukrainian and world economists.

The purpose of formation an organizational and economic mechanism to increase the competitiveness of Ukrainian milk processing enterprises is the creation and implementation of competitive advantages of these enterprises in the dairy market. Introduction of organizational and economic bases of management - a way of conducting successful competitive struggle in the conditions of the modern market - demands allocation of their components. It is necessary to determine the structure of the organizational and economic bases for the management of Ukrainian milk processing enterprises, which would clearly reflect not only the forming elements, but also their belonging to the organizational or economic group. In Fig. The authors developed an organizational and economic mechanism for increasing the competitiveness of a milk processing enterprise.

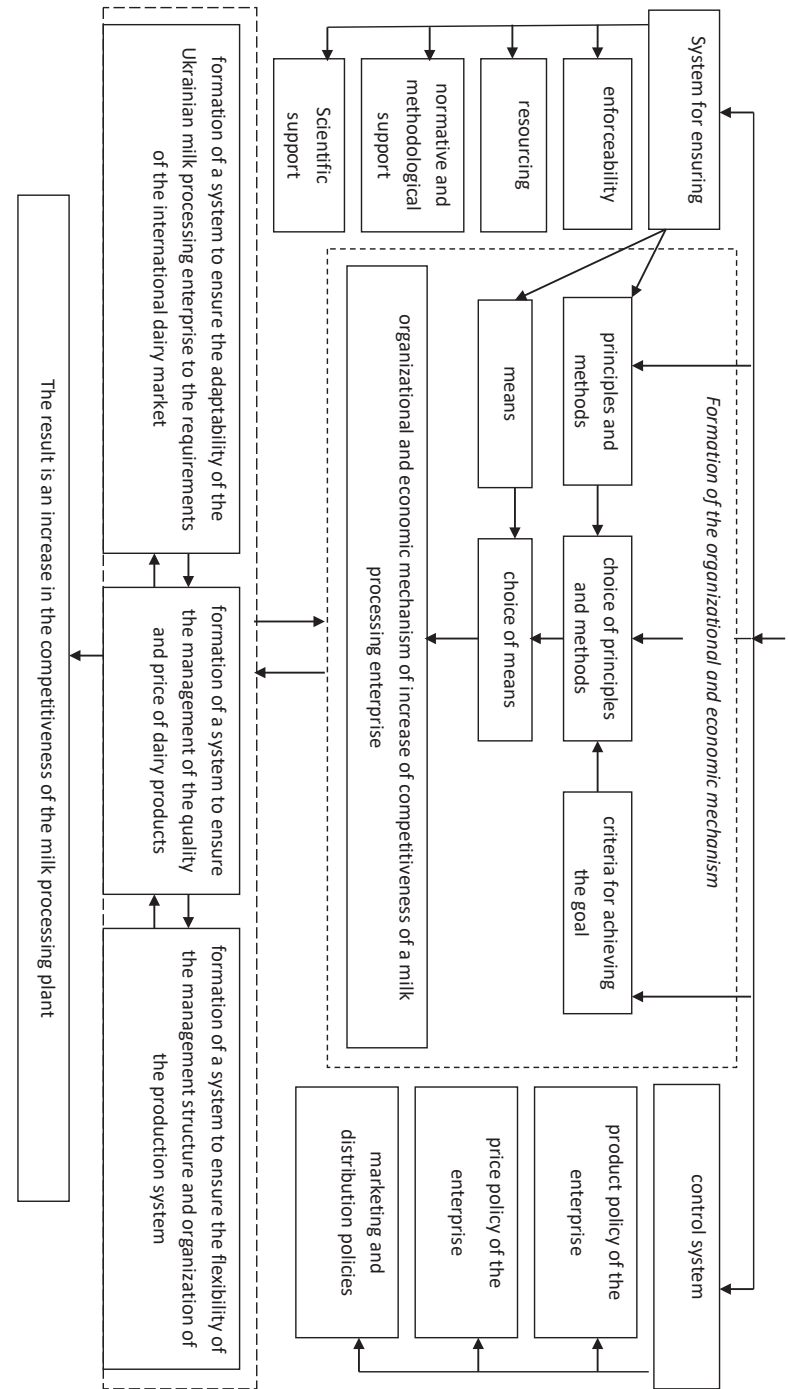


Fig. 3. Organizational and economic mechanism for increasing the competitiveness of a milk processing enterprise

As it can be seen from Fig. 3, the system for increasing the competitiveness of a milk processing enterprise consists of the following subsystems:

- from the subsystem provision adaptation of the milk processing enterprise to the environmental conditions and the requirements of the international market of dairy products;
- from the subsystem providing flexibility of the management structure and organization of the production system at the milk processing enterprise;
- from the subsystem to ensure the effective management of the quality of raw materials and dairy products, as well as the price of the products of the milk processing enterprise.

The considered subsystems of increasing the competitiveness of the Ukrainian milk processing enterprise are interrelated and interdependent, and at the same time are relatively autonomous.

Increasing the competitiveness of Ukrainian milk processing companies' products on world markets assumes its compliance with the constantly growing requirements for the safety of dairy products at all stages: from the production of raw milk to final consumption. Analyzing the advantages and disadvantages of the existing schemes of marketing channels for milk procurement, we propose to improve the milk processing enterprise's competitiveness to improve the milk cooling process, manage the safety and quality of dairy products

The components of the system for managing the competitiveness of a milk processing enterprise in the context of a predictable competitive market for milk and dairy products are:

- management of the company's product policy;
- management of pricing policy of the enterprise;
- management of sales and distribution policies.

Ways to improve the management of the product policy of a milk processing enterprise:

- optimization and improvement of the product range;
- expansion of the assortment of goods of different price groups;
- ensuring the proper level of quality and competitiveness of goods;
- improved package design;
- development of highly competitive brands and brands;
- emphasizing the characteristics of dairy products;
- maximum representation of the assortment product line in the retail network;
- positioning the product range with the safety of dairy products for the health and life of consumers.

Ways to improve the management of the price policy of a milk processing enterprise:

- formation of a pricing strategy;
- promptness of adjusting the level of prices, discounts, bonuses, etc .;
- identification of factors affecting the pricing process;
- application of a flexible system of payment for the products sold;
- improvement of credit conditions;
- formation of price groups of dairy products.

Ways to improve the marketing policy and distribution of milk processing plant products:

- determination of the structure of distribution channels;
- effective use of traditional and implemented progressive marketing methods;
- conducting segmentation of consumers, products, prices and geographical markets;
- inventory management;
- development of distribution channel strategies;
- application of modern technologies of logistics management in the distribution of goods;
- application of retail audit, evaluation of reliability of reports.

The conducted researches testify that the development of the strategic potential of the Ukrainian milk-processing enterprises can become effective only if all enterprises related to the production, processing and sale of milk and dairy products are coordinated. Increase the competitiveness of Ukrainian dairy processing enterprises by means of an integrated approach, supplying high-quality raw materials for processing and ensuring its rational use in the production of dairy products.

Modeling the organizational and economic mechanism for increasing the competitiveness of a milk processing enterprise, it is necessary to proceed from the assumption that the structure, functions, potential of the enterprise and the dairy market should be adequate to changes in the internal and external environment. An important role for the implementation of this model is given to the restructuring of milk processing enterprises, one of the most important tasks of which is to establish a dynamic and flexible conformity of the enterprise's potential to its market position.

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