

## **V. PYLIAVETS**

### **FACTORS OF THE FORMATION OF THE OILS AND FATS SUBCOMPLEX COMPETITIVENESS**

*In the article the tendencies of the modern development of the Ukrainian Fats and Oils Industry are characterized. The main competitiveness factors of the enterprises in Ukrainian Fats and Oils Industry are defined.*

**Key words:** *oil and fat subcomplex, competitiveness, competitive surrounding.*

---

**Formulation of the problem.** The agrarian sector of the economy is one of the largest components of the home economics of Ukraine, which essentially determines the state of socio - economic development of the society. The formation of the main part of the food is provided here, that plays a decisive effect on the development of domestic and foreign markets, the improvement of the country's living standards.

The oil and fat subcomplex of Ukraine was a sector in the agricultural production and processing where positive trends are being observed during last years, it is not only caused by increasing of food demand for oil and fats of the vegetable origin, and changes in nutrition of the population in connection with the transition from animal fats to plant ones, the growth of the total number of the population on the planet, rising energy carriers in price and increasing usage of oil and fat products for various industrial needs.

The successful functioning of the oil and fat subcomplex subjects depends on the proper use of competitive advantages in the market, their clear and comprehensive explanation, as well as the search for the best means and ways of achieving them.

**Analysis of recent researches and publications.** Native scientists V. Boiko, O. Voloshchuk, O. Derevianko, S. Kapshuk, J. Lebedinskiy, V. Laznia, M. Prysiashniuk, P. Sabluk, O. Furmaniuk dealt with features of the functioning and development of oil and fat subcomplex. The problems of fat and oil complex, the peculiarities of the development and functioning of the enterprises in this industry are shown, and the main tendencies are evaluated in their works.

**The main material research.** Oil and fat industry is one of the most efficient industries in Ukraine. Among the enterprises of the industry the most powerful manufactures are plant "Cargill", Dnipropetrovsk SEZ and JSC "Kirovogradoil", which share makes up about 30% of oil production in Ukraine. The main companies – manufactures of sunflower oil are "Kernel Group", "Cargill", "Bunge".

In recent years, Ukraine takes the leading position in the export of oil - it sells this product in 88 countries. Thus, the Oil and Fat Industry occupies nearly one-third in the structure of the total export of agricultural production. And by maximizing of load processing facilities, there appeared 50 thousand job positions at oil enterprises additionally.

This sector of economy has become attractive for home and foreign investors who invest a lot of money into the modernization and construction of companies.

## **Forms of business organization, management and production**

---

We must say that the facilities of sunflower processing have increased from 2.5 million tons in 1998 increased to 10.3 million in 2011. [4]

However, despite the wide range of prospects for Oil and Fat Industry enterprises of Ukraine, it is necessary to summarize the ways and practical solutions that will enhance the competitiveness of the industry; they will lead it to a higher level.

As you know the basic prerequisite for the enterprise to survive on the market is the presence of some competitive advantages. The high level of competitiveness shows the effectiveness of its functioning, flexibility in adapting to the changing market environment, high product quality and appropriate price policy and high staff level etc.

Exploring the factors of competitiveness formation of enterprises of Oil and Fat Industry it is necessary to separate them into internal and external.

The internal factors of enterprises' competitiveness of Oil and Fat Industry include the following:

1. Activity of the management and administrative staff of the enterprise (organization and production management structure, professional and qualification level of the managing personnel, etc.).

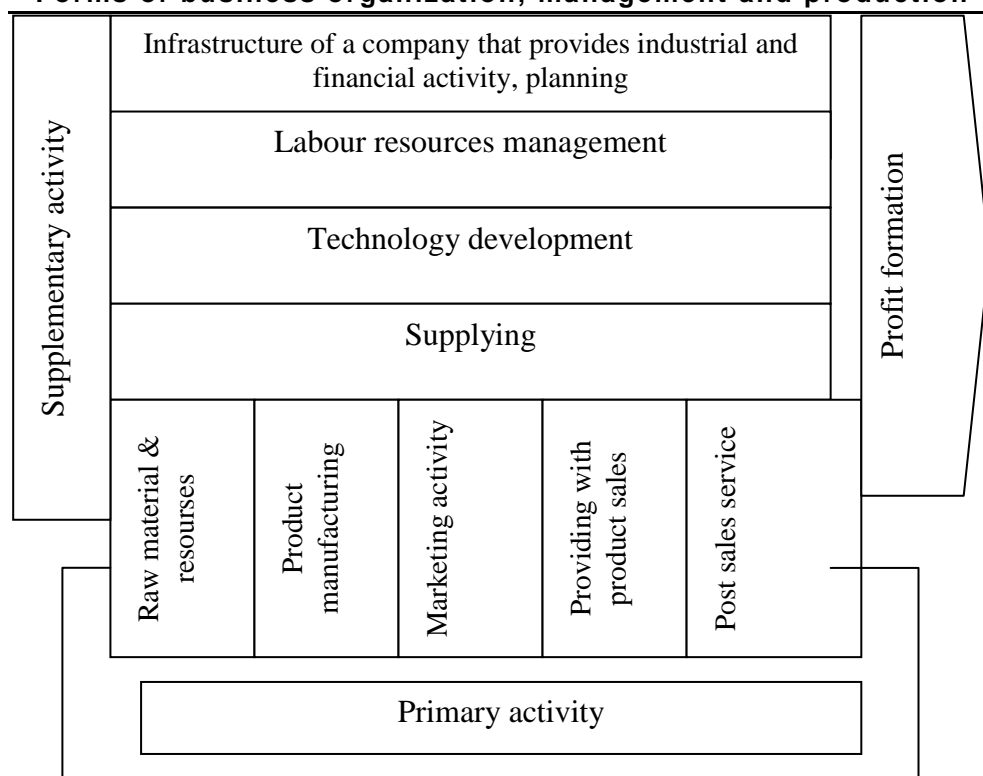
2. Technological tooling system. Upgrading of the equipment and technologies of oilseeds, it means replacing them with more advanced provides the competitiveness of the enterprise, at the same time it strengthens home production flexibility.

3. Raw materials, materials and intermediates. Seeds' quality, completeness of their processing and quantity of waste seriously affect the competitiveness of the enterprise. Reducing the output from the raw material its fragmented processing leads to increasing of production costs, and thus to decreasing its profits, which in turn, gives no chance to extend production. As a consequence, the competitiveness is reduced and vice versa, better use of raw materials, its complex processing reduces production costs and thus increases the competitiveness.

4. The sales of the production, its scope and realization costs. This factor seriously affects the competitiveness of the enterprise: you can achieve good results in manufacturing, producing higher quality products at relatively low cost, but it will be negated because of ill-conceived marketing policy. Therefore, the company is trying to implement an effective sales by selling quality products needed at the market, incenting to increase sales, conquering new markets. [5]

On one hand everything is done, based on the formation of "own" customer, implementation of the effective pricing policy, etc., and on the other hand through effective supply of raw materials, necessary materials and equipment at available prices. Organizational support chain of competitive production is shown below (Picture 1).

## Forms of business organization, management and production



**Picture 1. Chain of the organizational supplying with competitive production.**

The occurrence and intensity of expression of external factors does not depend on an enterprise and is caused by state of the external environment. These environmental factors are highly heterogeneous by sources of their origin, as they are the manifestation of the different levels systems, and are divided, in turn, at least into three groups:

- industrial, those which are defined by the industry functioning as systems, and these include mechanisms for regulation within the industry, methods and forms for of intra-industry competition, the state of demand, etc.);
- macroeconomic, ie factors that represent functioning conditions of national economies (these include general economic infrastructure, the state and the dynamics of the payable demand, mechanisms of state economy regulation, the availability and level of the market infrastructure development etc.);
- factors of the global economy (they include the situation on the world markets, the international labor division, the dynamics of exchange rates, international relations and in the external trade sphere etc.)

The external competitiveness enterprise factors of Oil and Fat Industry include:

1.The activity of public authorities (fiscal and monetary policy, legislation, licensing, quotas distribution). For example, in dependence with the nature of fiscal policy (tax rates) a company will receive high income, or vice versa, will not get it at all.

2.Economic situation. It includes market of raw materials and physical resources, labor markets, means of production markets, financial resources markets.

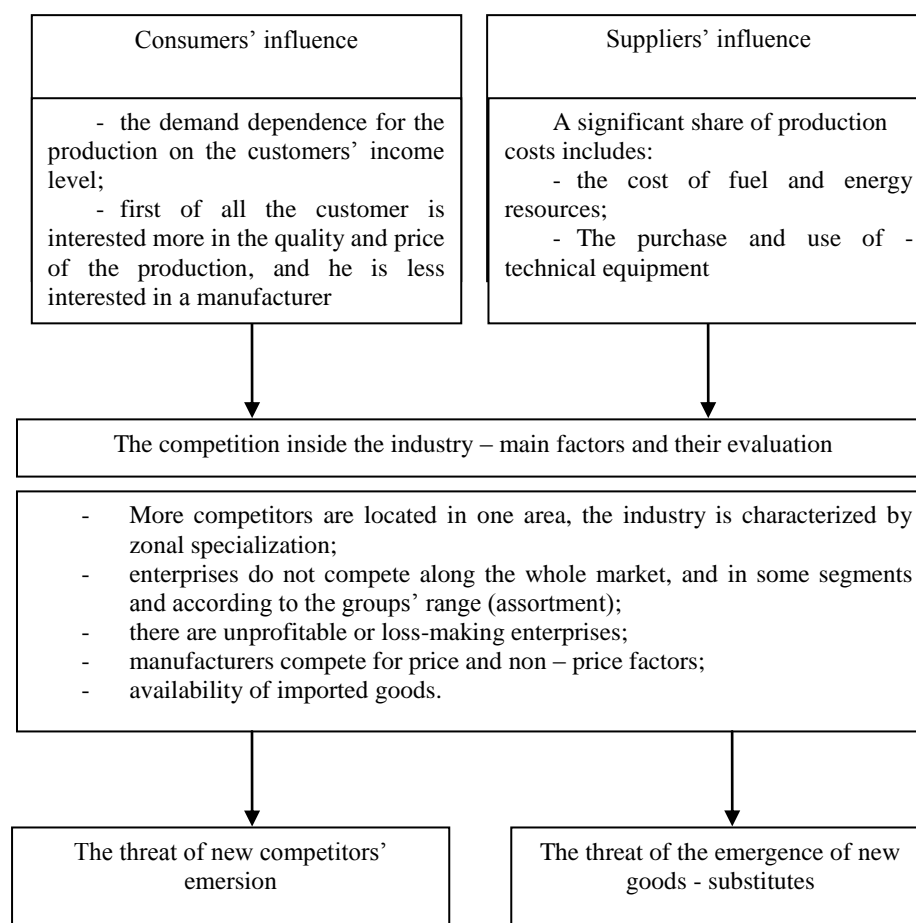
## Forms of business organization, management and production

3. The development of related and supporting industries. In this case we are talking about the development of new technologies, new materials and energy sources. Their application into production increases scientific and industrial potential of the enterprise.

4. The demand parameters. They include the growth in demand for agricultural products, the stability of the enterprise and allow it to get high profits and secure its position in the market. Unstable demand, constant changes in customer's requirements for products quality, reducing of the purchase ability of the population, on the other hand, do not create the conditions for certain competitiveness of an enterprise.

Peculiarities of Oil and Fat Industry functioning determine the need for a specific group of factors which have impacts on competitiveness (Picture. 2).

Analyzing given factors, we can make the conclusion that the competitiveness of an enterprise depends on the level of its economic reliability and potential competitiveness. The presented characteristics of company's economic security allow us to solve complex tasks on the producing of high quality products and providing services through a balanced and harmonious development of all its elements, the full and effective usage of resources.



**Picture 2. Functional - industrial factors of the impact on the competitiveness of enterprises in Oil and Fat subcomplex.**

## **Forms of business organization, management and production**

**Conclusion.** An effective development of enterprises of Oil and Fat subcomplex for the long term perspective is possible only by using an effective system of governing, the proper use of the competitive advantages, of interaction between state and market influence leverage on organizational and economic conditions of industry participants functioning. Prospects for further research are to develop mechanisms to ensure the competitiveness of enterprises in the market.

### **Список використаних джерел та літератури:**

1. Квітка Г. Золотий соняшник [Електронний ресурс]. – Режим доступу <http://www.agro-business.com.ua/component/content/article/17-2010-06-11-12-52-32/741-2011-11-30-09-20-54.html>
2. Куреда Н.М. Хачатрян М.А. Конкурентна складова ефективності зовнішньоекономічної діяльності підприємства олієжирової галузі України [Електронний ресурс]. – режим Доступу [http:// archive. nbuv. gov. ua/ portal/ soc\\_ gum/ znptdau/ 2012\\_2\\_6/18-6-07.pdf](http://archive.nbuv.gov.ua/portal/soc_gum/znptdau/2012_2_6/18-6-07.pdf)
3. Кузьмін О.Є. Управління міжнародною конкурентоспроможністю підприємства: [підручник] / О.Є. Кузьмін, Н.І. Горбаль. – Львів: Компакт-ЛВ, 2005. – 304 с
4. Офіційний сайт асоціації «Укроліяпром» [Електронний ресурс]. – Режим доступу : <http://www.ukroilprom.org.ua>
5. Старшинська Л.В. Основні тенденції та стратегічні пріоритети розвитку світового ринку олії / Агросвіт № 11, 2007 р. с.12-17
6. Фурманюк О.Л. Управління конкурентоспроможністю підприємництва. Навчальний посібник . - К.:ЦУЛ. – 2004. – 194 с.