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The Department of World Economy

FINAL QUALIFYING PAPER (PROJECT)

on the topic:

**“INTERNATIONAL COMPETITIVENESS OF PRODUCTS OF
ENTERPRISES ON THE CONFECTIONERY MARKET”**

(based on the data of PJSC “ZHYTOMYRSKI LASOSCHI”, Zhytomyr)

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INTRODUCTION

The aim of domestic enterprises is not only to satisfy consumers demand on goods or services, but also to focus on developing and implementing their competitive strategy. This strategy should take into account the nature and potential of market forces that cause market dynamics.

Many foreign and domestic economists and scientists define, that competition is the driving force behind society's development, a major tool for saving resources for improving the quality of goods and the standard of living of the population. Therefore, competition is a very complex concept.

The leading economists characterize the situation in the confectionery industry in a way that, on the one hand, there is a displacement of small enterprises from the market due to the increase of production capacities of leaders, and on the other hand, creation of new high-quality products. It helps to strengthen the competition between its producers. In order to remain competitive, they need to evaluate behaviour strategies and anticipate prospects quickly, because it will allow providing a stable position in both domestic and world markets. The growth of the world and Ukrainian confectionery market necessitates a detailed study of the domestic confectionery industry and its characteristics.

Famous foreign scientists represent in their works an important role in the development of theoretical aspects of the assessment of the competitiveness of enterprises. Among them are G. Assel, P. Doyle, F. Kotler, J. Lamben, A. Marshall, M. Porter, J. Robinson, T. Saati, A. Smith, F. Hayek, E. Chamberlin, J. Schumpeter and others. Also, these problems described in their writings CIS scientists: G. Azoev, O. Gradova, A. Demchenko, P. Zavyalova, G. Ispiryana, A. Litvinenko, M. Tatianchenko, R.Fathutdinova, A.Yudanova and others. Moreover, T. Melnyk, O. Mikheeva, A. Popov, M. Malsky, R. Moskalyk, L.Dawson researched international product competitiveness in their articles.

However, the issues regarding the peculiarities of forming competitive advantages and ensuring international competitiveness in certain confectionery markets are not enough researched, what proves the actuality of this work.

The purpose of the final qualifying paper is to study the system of managing the competitiveness of products at the enterprise on the confectionery market.

Tasks of the final qualifying paper are the following:

1. To analyze the international confectionery market.
2. To assess financial and economic indicators of PJSC “ZHYTOMYRSKI LASOSCHI”.
3. To analyze factors, that influence the international activity of PJSC “ZHYTOMYRSKI LASOSCHI”.
4. To estimate international product competitiveness of PJSC “ZHYTOMYRSKI LASOSCHI”.
5. To develop measures for improvement of PJSC “ZHYTOMYRSKI LASOSCHI” competitive position.
6. To analyze the effectiveness of proposed measures for PJSC “ZHYTOMYRSKI LASOSCHI”.

The object of the final qualifying paper is the process of ensuring the international competitiveness of the company's products on the confectionery market.

The subject of the research is theoretical and practical aspects of ensuring the international competitiveness of the enterprise products on the confectionery market.

In the basis of the final qualifying paper are methods of statistical observation, analysis and synthesis, methods of comparison, absolute and relative variables, abstraction, analogy, calculation, graphical and tabular methods.

The information base for research consists of legislative and regulatory acts of Ukraine, official materials of the State Statistics Service of Ukraine, monographs and scientific-analytical articles of domestic and foreign scientists, Internet resources.

The results of the study are represented in a collection of scientific articles of students obtaining Master's degree in specialty “Economy”, specialization “International economics”. The structure of the final qualifying paper consists of an introduction, three

sections, general conclusions, references and appendices.

PART 1. THE CURRENT STATE OF PJSC “ZHYTOMYRSKI LASOSCHI”

1.1. Analysis of the international confectionery market

The confectionery market is one of the most dynamic in the world economy. The global confectionery market size is going to reach USD 284.4 billion by 2025. Globally, increasing innovation in existing products and surging demand for chocolate products are among the key trends escalating market growth. However, the widening base of consumers switching to healthy food products forces leading manufacturers to introduce innovative and organic products in their product portfolios.

Confectionery Market Report in a publication of Allied Market Research forecasts that the global market has a value of 184,056 million USD in 2015, and expects to reach 232,085 million USD by 2022, supporting by a CAGR of 3.4% during the forecast period up to 2022. According to the experts' point of view, the confectionery market will continue to grow during 2019-2020. In average, its growth will be 2.68%. But despite of this fact the consumption of sweets throughout the last five years in North America and Europe have declined. Development of the sweets market caused an increase in the total population of the planet and world crisis. Scientists have proven that people who suffer from financial problems more often consume confectionery [1].

Currently, many manufacturers expand their product range by including organic herbal fillings, exotic flavours, and functional ingredients in their product formulations to satisfy changing consumer demands. International Organization for Standardization (ISO), Canadian Food Inspection Agency (CFIA), Food and Drug Administration (FDA), Health Canada, the World Health Organization (WHO), and the European Union (EU) are the main regulatory authorities present in the confectionery market. Law of the European Union regulates the confectionery market in order to harmonize the rules in countries within the community. EU Directive 241/73 of April 30, 1976

regulates the names of components and requirements for the production of chocolate, gives instructions on the percentage of various ingredients depending on its quality.

Such criteria as product type, distribution channel, and geography usually segment the global confectionery market. In general, there are three segments: products containing the cocoa, flour confectionery and non-cocoa confectionery. Almost 60% of the sweets market is the so-called chocolate segment (cocoa products).

According to the product type, the confectionery market includes chocolate (dark chocolate and white chocolate), sugar confectionery (boiled sweets, mints, pastilles, gums, jellies & chews, toffees, caramels & nougat, and other sugar confectionery products) and snack bar (cereal bars, energy bars, and other snack bars). According to the fig. 1.1, chocolate products have a vital place in the international confectionery market.

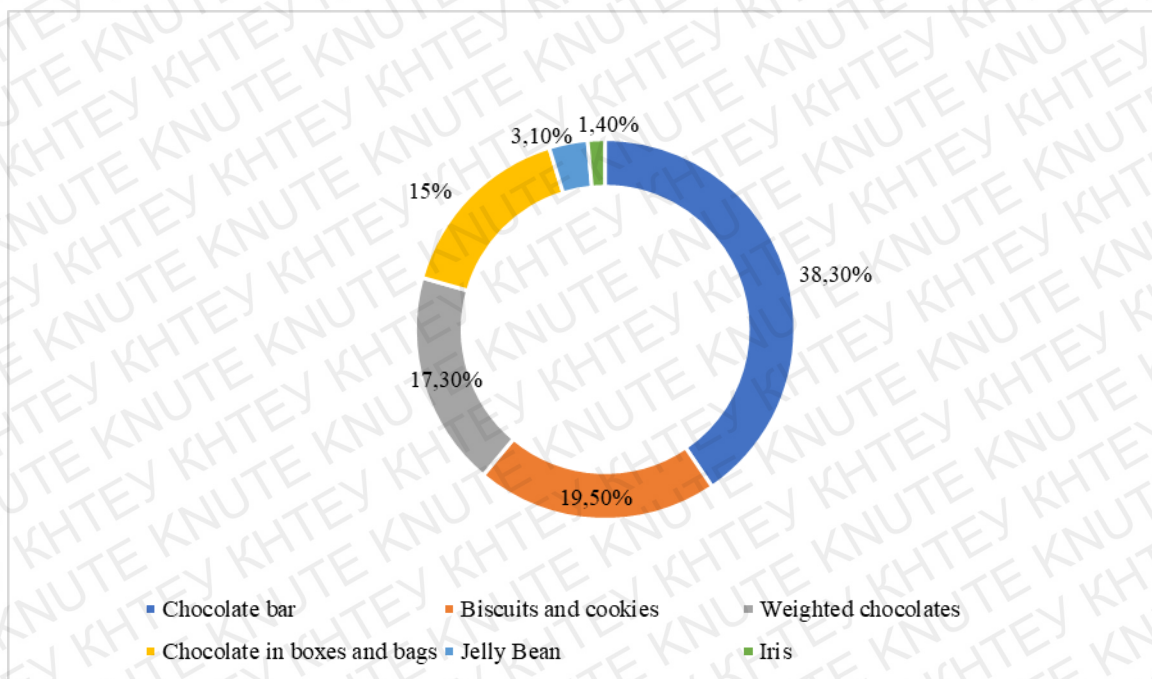


Fig. 1.1. Segmentation of international confectionery market in 2018, % [1]

Moreover, the distribution channel segments the global confectionery market into supermarkets and hypermarkets, convenience stores, online retail stores, specialist retailers, vending machines, and other distribution channels.

Global sales of candy sweets exported by country totalled 10.67 million USD in 2018. Overall, the value of candy sweets exports slowed by an average -0.3% for all exporting countries since 2014, when candy sweets shipments had the value of 10

million USD. Year over year, the worldwide value of exported candy sweets depreciated by 0.2% from 2017 to 2018.

Table 1.1 demonstrates growth rates of world exports and imports of sugars and sugar confectionery over the last 5 years.

Table 1.1

Growth rates of world exports and imports of sugars and sugar confectionery in 2014-2018

Indicator	2014	2015	2016	2017	2018
World export of sugars and sugar confectionery, million USD	47,02	40,50	45,34	48,48	41,83
Growth rate, compared to the previous year	-	-0,14	0,12	0,07	-0,14
World import of sugars and sugar confectionery, million USD	48,80	41,65	46,13	50,24	43,90
Growth rate, compared to the previous year	-	-0,15	0,11	0,09	-0,13

Source: calculated by the author based on [2]

In 2018, the amount of sugar confectionery exported worldwide accounts 41,8 Million USD, decreasing by 14% against the previous year. The total export volume decreased an average annual rate of 11% from 2014 to 2017; however, the trend pattern indicated some noticeable fluctuations in certain years. The most prominent rate of growth was in 2016, when it surged by 12% year-to-year.

The main importers on the world confectionary market in 2018 are [2]:

1. USA – 2,7 million USD (9,6%);
2. Germany - 2,7 million USD (9,5%);
3. France – 2,4 million USD (7,8%);
4. UK - 2,2 million USD (7,4%);
5. Netherlands - 2,1 million USD (4,6%).

According to geographical segmentation, Europe Confectionery Market is going to reach 101,5 million USD by 2024, witnessing a stable CAGR of 3.22 %, during the forecast period. Western Europe dominates the chocolate sale, followed by Central and Eastern Europe (fig. 1.2). Increased demand for higher quality cocoa products and

premium chocolate has accelerated the Confectionery sale in Europe. The high sugar content in chocolates and candies are likely to hinder the growth of the market. Health-conscious consumers have turned toward snack bars and other snack categories that are healthier, as well as reducing the share of chocolate confectionery. According to the changing tastes and preferences of consumers toward healthy food, there were considerable developments in products by various companies. Increasing awareness about health-related issues associated with the consumption of sugar Confectionery has encouraged the companies to develop sugar-free chocolates, gums, jellies, in order to satisfy the needs of the consumers.

Global sales from chocolate exports by country totalled 29.1 million USD in 2018. The overall value of chocolate exports rose by an average of 4% for all exporting countries since 2014, when chocolate shipments had a value of 28 million USD. Year over year, the value of exported chocolate increased by 4.8% from 2017 to 2018. Fig. 1.2 shows five countries that exported the highest dollar equivalent of chocolate during the 2018 year.

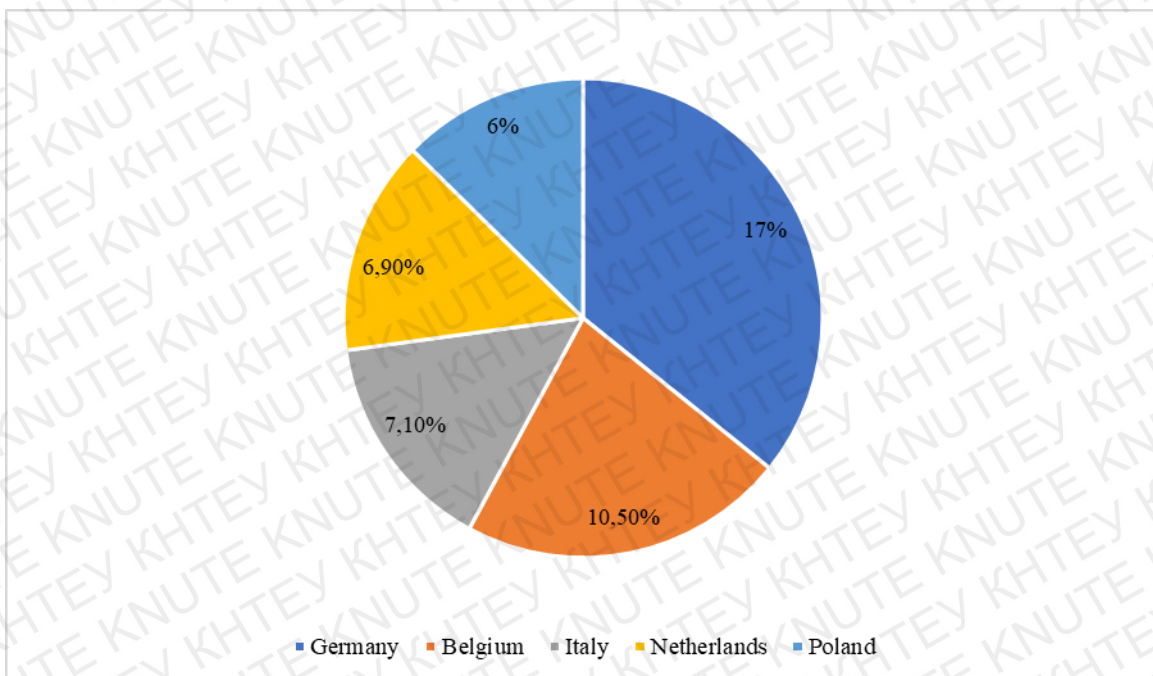


Fig. 1.2. Geographical structure of exporters of chocolate and other food preparations containing cocoa, 2018, % [2]

Among continents, European countries exported the highest dollar equivalent of chocolate during 2018 with shipments amounting to 21.4 million USD or three-quarters

(73.5%) of overall international chocolate sales. This compares with 12.8% from North America, 9.9% from Asia, 1.5% from Latin America excluding Mexico but including the Caribbean, 1.4% from chocolate exporters in Africa, and 0.9% from suppliers in Oceania led by Australia and New Zealand (annex A, B).

Such four big multinational corporations, as Mars, Ferrero, Mondelez and Nestle dominate on the confectionery market in Europe. Nowadays, Mars continues to grow and lead the confectionery market (fig. 1.3).

The statistic reflected the net sales of the leading confectionery companies worldwide in 2018. In that year, the American manufacturer, Mars Incorporated, was the leading confectionery company in the world, with generated sales of about 18 billion USD.

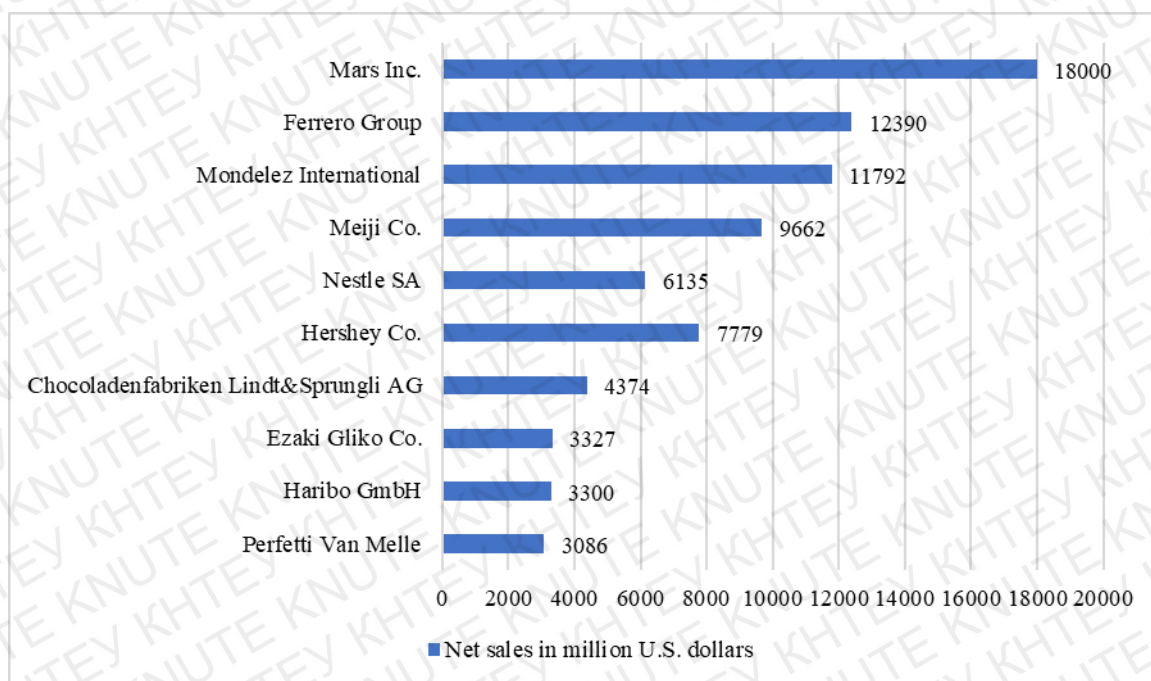


Fig. 1.3 Net sales of the leading confectionery companies worldwide in 2018, million USD [3]

Currently, more and more manufacturers of confectionery industry are forced to enter new markets because of competitive environment. World confectionery sales are lower in 2018 comparing with the previous period. The prerequisite for this was a reduction of production and low level of gross domestic product (GDP) in world leader countries, such as the USA, EU, China and Japan. Thus, researchers expect the capacity

of the confectionery market items to decline slightly for a while, but after that it will demonstrate positive dynamics.

Confectionery is traditional in Ukraine. With a consumption rate of 7.4 Kg per capita per year, the country is 8th in the world in terms of consumption of confectionery products per capita. Therefore, consistently high demand for these products and sufficient availability of Ukrainian raw materials contributed to the development of the confectionery industry in Ukraine. However, in recent years, the situation has changed dramatically due to the revitalization of domestic investors who have joined the privatization of existing confectionery factories in Ukraine, after which they actively updated the fixed assets of the acquired enterprises. During the last years, the volume of confectionery production in Ukraine has decreased (fig.1.4).

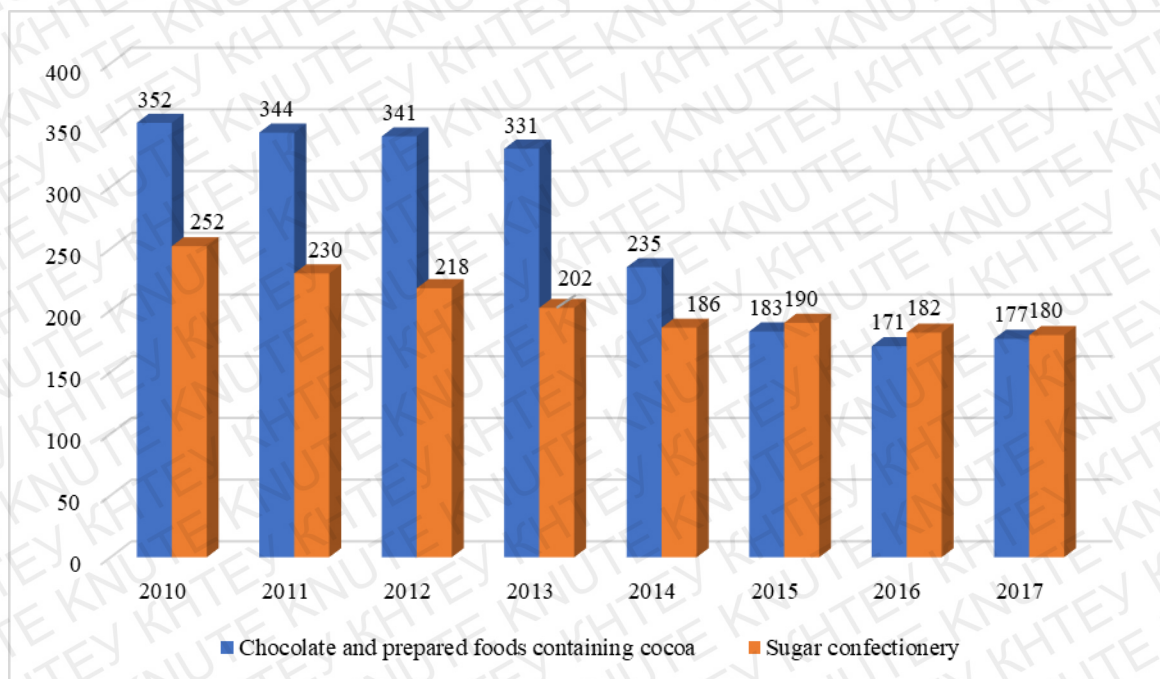


Fig. 1.4 Amount of production of the confectionery industry in Ukraine during 2010-2017, thousand tons [4]

In the domestic confectionery market, there is a high level of competition and a degree of saturation. Manufacturers, which are the first to respond to changing consumer preferences, dynamically update the range of products and saturate it with novelties, occupy the leading position. Currently, about 800 enterprises operate in the confectionery market of Ukraine.

1.2. Assessment of financial and economic indicators of PJSC “ZHYTOMYRSKI LASOSCHI”

PJSC “ZHYTOMYRSKI LASOSCHI” is one of the five leaders on the confectionery market of Ukraine. It is one of the largest taxpayers in the Zhytomyr region. The company produces a wide range of confectionery products (candies in boxes, chocolate bars, glazed and unglazed candies, chocolate snacks, chocolate-wafer candies, cookies, waffles, fudge), as well as lean and dietary products (cereal bars, yoghurt cereal desserts and sugar-free products) [5].

The economic and financial condition of the enterprise is stable. This fact proves the annual publication of the results of the financial activities. Analysis of the financial condition of the enterprise is a necessary step for the development of plans and forecasts of financial recovery of enterprises. The information base for the analysis of the financial position is the financial statements that reflect the assets and financial position of the entity at a particular date. The financial statements consist of interrelated forms based on the financial position of the company analyzed, such as Balance Sheet (Annex C), Statement of Financial Results (Annex D), Statement of Cash Flows, Equity Statement.

It is necessary to conduct a horizontal and vertical analysis of the assets of the enterprise and sources of their formation. Table 1.2 demonstrates vertical and horizontal asset analysis of the company. The total value of the assets of the enterprise during 2014-2018 tends to increase. This indicator is consistently high and compliant. The value of fixed assets was flexible during 2014-2018. This indicates the unstable financial condition of the enterprise. The value of current assets of the enterprise, in general, tends to increase. Tangible current assets have an unstable value which means that the enterprise does not always lack assets as raw materials for production. Accounts receivable in 2017 decreased by 6%, what means in that year the debtors did not hurry to pay the enterprise on their debts. Cash and cash equivalents decreased in 2016 and

2018, what has no negative effects on the work of the enterprise. Other current assets decreased by 100% during this period, which was caused by the saving of the enterprise resources.

Table 1.2

**Dynamics and structure of assets of
PJSC “ZHYTOMYRSKI LASOSCHI” during 2014-2018**

Indicator	31.12					Relative deviation, %			
	2014	2015	2016	2017	2018	2015 /2014	2016 /2015	2017 /2016	2018 /2017
Assets, total, thousand UAH	260321	304505	344727	383051	395826	16,97	13,21	11,12	3,34
Fixed assets, thousand UAH	88666	80246	96624	156578	150974	-9,5	20,41	62,05	-3,58
-% to all assets	34,06	26,35	28,03	40,88	38,14	-22,63	6,36	45,84	-6,69
Current assets, thousand UAH	171655	224259	248103	226473	244850	30,65	10,63	-8,72	8,11
-% to all assets	65,94	73,65	71,97	59,12	61,86	11,69	-2,28	-17,85	4,3
Tangible current assets, thousand UAH	81263	91574	107737	79229	115206	12,69	17,65	-26,46	45,41
-% of current assets	47,34	40,83	43,42	34,98	47,05	-13,74	6,34	-19,44	34,5
Accounts receivable, thousand UAH	74004	84333	107437	100706	86330	13,96	27,40	-6,27	-14,28
-% of current assets	43,11	37,61	43,30	44,47	35,26	-12,77	15,15	2,69	-20,71
Cash and cash equivalents, thousand UAH	16145	48316	32880	46538	43314	199,26	-31,95	41,54	-6,93
-% of current assets	9,41	21,54	13,25	20,55	17,69	129,07	-38,49	-55,06	-13,91
Other current assets, thousand UAH	243	36	49	0	0	-85,19	36,11	-100	-
-% of current assets	0,14	0,02	0,02	0,00	0,00	--88,66	-23,03	-100	-

Source: calculated by the author on the materials of [annex C, D]

Material assets that are at the disposal of the enterprise and provide the production process are production funds. To assess liabilities, the author used a general analysis of the composition and structure of liabilities of PJSC “ZHYTOMYRSKI LASOSCHI” (table 1.3).

Table 1.3

**Dynamics and structure of liabilities of
PJSC “ZHYTOMYRSKI LASOSCHI” during 2014-2018**

Indicator	31.12					Relative deviation, %			
	2014	2015	2016	2017	2018	2015 /2014	2016 /2015	2017 /2016	2018 /2017
Liabilities of the enterprise	260321	304505	344727	383051	395826	16,97	13,21	11,12	3,19
Stockholders equity	215157	259560	299359	337822	360274	20,64	15,33	12,85	6,65
% to total liabilities	82,65	85,24	86,84	88,19	91,14	3,13	1,88	1,56	3,35

Long-term liabilities	22	0	0	0	2384	-100,00	0,00	0,00	100,00
% to total liabilities	0,01	0,00	0,00	0,00	0,60	-100,00	0,00	0,00	100,00
Current liabilities	45142	44945	45368	45229	33168	-0,44	0,94	-0,31	-26,67
% to total liabilities	17,34	14,76	13,16	11,81	8,39	-14,88	-10,84	-10,3	-28,94

Source: calculated by the author on the materials of [annex C, D]

During 2014-2018 the equity of the enterprise tends to increase. The reason for this is an increase in the additional capital of the enterprise. The reduction of long-term liabilities at the end of the year is the reason for the decrease in the use of long-term sources of financing by the enterprise. At the end of the year, the Company's current liabilities also decreased. The main reason for the change in the total amount of debt and its structure is the mutual defaults of debtors and creditors.

The financial results obtained as a result of the activity of the company characterizes the efficiency level of PJSC “ZHYTOMYRSKI LASOSCHI”. Based on the balance sheet and the statement of financial results the dynamics of the financial results of the company during 2014-2018, we analyzed and calculated certain indicators of its activity (table 1.4).

Table 1.4

Dynamics of financial results of PJSC “ZHYTOMYRSKI LASOSCHI” during 2014-2018

Indicator	Years								
	2014	2015		2016		2017		2018	
	In fact, thousands of hryvnia	In fact, thousands of hryvnia	Growth rate, % 2015 /2014	In fact, thousands of hryvnia	Growth rate, % 2016 /2015	In fact, thousands of hryvnia	Growth rate, % 2017 /2016	In fact, thousands of hryvnia	Growth rate, % 2018 /2017
Net income	393694	568070	144,29	627639	110,49	661401	105,38	565951	85,57
Cost of sales	-314183	-459602	146,28	-512966	111,61	-538909	105,06	-454368	84,31
Gross profit	79511	108468	136,42	114673	105,72	122492	106,82	111583	91,09
Operating income	45428	26142	57,55	10157	38,85	9700	95,50	9159	94,42
Operating expenses	-83876	-81019	96,59	-79223	97,78	-86447	109,12	-81019	93,72
Financial results from operating activities	41063	53591	130,51	45607	85,10	45745	100,30	25489	55,72
Other income	0	0	-	0	-	0	-	0	-
Other expenses	-21961	-35	0,16	-132	377,14	-331	250,76	-207	62,54
Financial expenses	0	0	-	0	-	0	-	0	-
Financial results before taxation	36238	54546	150,52	48203	88,37	47142	97,80	27630	58,61
Expenses from income tax	-8362	-9504	113,66	-8498	89,41	-8665	101,97	-5158	59,53
Net profit	27876	45042	161,58	39705	88,15	38477	96,91	22472	58,40

Source: calculated by the author on the materials of [annex C, D]

The data in table 1.4 shows that in the 2018 year, compared to the previous years, the situation with the growth rate and absolute growth of the key indicators characterizing the financial results of operations has become lower. Thus, the net income decreased by 15% during the period 2018/2017, the cost of sales also decreased by 15%, with gross profit decreased by almost 10%. Operating expenses for the period under review increased, operating income decreased by 5% compared to 2016. The structural-dynamic analysis also shows a 42% decrease in net profit, which is the main indicator of a company's profitability, compared to 2018, and a decrease of 3% compared to 2017. Such circumstances require a detailed study of individual items of financial resources formation, in particular, it is necessary to establish at the expense of what cost items the growth of profit of the enterprise continues to restrain.

The business activity of the company determines the stable financial condition of an enterprise in market conditions [6]. By analyzing business activity, we can measure the effectiveness of using companies funds (table 1.5).

Table 1.5

**Dynamics of business activity indicators of PJSC “ZHYTOMYRSKI LASOSCHI”
in 2014-2018**

Indicator	Year					Absolute deviation			
	2014	2015	2016	2017	2018	2015 /2014	2016 /2015	2017 /2016	2018 /2017
Total assets turnover	1,62	2,01	1,93	1,82	1,45	0,39	-0,08	-0,12	-0,36
Current assets turnover	2,55	2,87	2,66	2,79	2,40	0,32	-0,21	0,13	-0,39
Inventory turnover ratio	4,77	5,32	5,15	5,76	4,67	0,55	-0,17	0,62	-1,09
Average age of inventory, days	76,52	68,61	70,87	63,37	78,16	-7,91	2,26	-7,51	14,79
Account receivables turnover	5,01	7,16	6,54	6,35	6,05	2,15	-0,62	-0,19	-0,30
Accounts payable turnover	7,55	10,20	11,36	11,90	11,59	2,65	1,16	0,54	-0,31
Equity turnover ratio	1,96	2,39	2,25	2,08	1,62	0,44	-0,14	-0,17	-0,45

Source: calculated by the author on the materials of [annex C, D]

The asset turnover ratio reflects the total capital turnover. According to the calculations in the table, this indicator had the best value in 2015 (2.01 turns/year). However, during 2016-2018 there was a decrease in the value of the coefficient to 1.45turns/year.

The inventory turnover ratio indicates the effectiveness of the current inventory management policy. High turnover indicates a thoughtful tactics of forming inventories, finished goods inventories. High sales of goods and services at a rapid turnover indicates that the period of inventory is low that minimizing logistics costs. The analysis of the dynamics of the stock turnover ratio on the example of PJSC shows the lack of efficiency of inventory management, as this indicator has been rapidly decreasing in recent years. A possible cause is a lack of inventory.

The receivables turnover indicates the intensity debt to the enterprise. The high value of the indicator indicates an effective supplier relationship management policy. Such a low amount of debt may indicate that the company provides commercial loans only to reliable customers, has established effective relations with the government. Moreover, the decreasing of the value of the indicator has a negative impact.

The decrease in the payables turnover ratio during 2017-2018 indicates a decrease in the rate of debt payment of the enterprise, which means that there was a negative change in the financial condition of the enterprise.

Equity turnover ratio indicates the efficiency of use of the owners' capital and indicates its productivity. Indicator value means the number of goods and services (excluding VAT) that has been produced at shareholders' consideration. The downward trend in this indicator during 2015-2018 is negative.

Diagnostics of liquidity and solvency are important tools for determining the position of an enterprise on the market [7]. The calculations help the company to determine the negative factors affecting the financial results and financial condition. In table 1.6 liquidity and solvency indicators introduced, which are the components of assessing the financial condition of PJSC “ZHYTOMYRSKI LASOSCHI” and determining the threat of bankruptcy of the enterprise [8].

The quick liquidity ratio characterizes the ability of the enterprise to repay current liabilities with current assets except for inventories. The analysts recommend a quick ratio to be above 0.5. At the enterprise under study, the value of this indicator has been stable during the period. According to the absolute liquidity ratio, the normative value is more than 0,2. This indicator reduced in 2017. It shows the volume and highly liquid current assets of a short-term liability unit.

Table 1.6

**Dynamics of liquidity and solvency indicators of
PJSC “ZHYTOMYRSKI LASOSCHI” in 2014-2018**

Indicator	31.12					Absolute deviation			
	2014	2015	2016	2017	2018	2015 /2014	2016 /2015	2017 /2016	2018 /2017
Quick Ratio (Acid Test Ratio)	2,00	2,95	3,09	3,26	3,91	0,95	0,14	0,16	0,65
Absolute liquidity ratio	0,23	0,72	0,90	0,88	1,15	0,49	0,18	-0,02	0,27
Current liquidity ratio	2,13	1,87	1,96	2,79	3,92	-0,25	0,09	0,84	1,13
Ratio of liquid solvency	3,71	4,39	5,23	5,24	5,83	0,68	0,84	0,01	0,60
Critical liquidity ratio	2,13	2,48	3,02	3,17	3,53	0,35	0,54	0,15	0,36

Source: calculated by the author on the materials of [annex C, D]

Concerning the indicator of current liquidity, the normative value is within the limits of 1-3, but the value 2-3 is more preferable. At PJSC “ZHYTOMYRSKI LASOSCHI” the best value of this indicator, which is close to 2, was in 2016-2017 and 2014. In 2018 the indicator was higher.

The liquidity ratio determines whether the enterprise will have all the working capital to liquidate its debt in a full amount.

Critical liquidity ratio on the example of the analyzed company indicates that during 2014-2018 this indicator was higher than the normative one because it was beyond 0.8-1. It indicates too high liquidity of assets and possible shortcomings in the use of current assets, which can lead to a decrease in profitability.

According to the calculations in table 1.7 the financial sustainability factor indicates the company's ability to remain solvent in the long-term perspective, as the

figures obtained are within the limits of 0.7-0.9. In 2018 the company is financially sustainable, capable of carrying out long-term projections. Fixed capital and long-term liabilities finance 90% of the company's assets. This indicates that the risk of bankruptcy is minimal. Regarding the financial independence ratio, it characterizes the level of financing the activity of the enterprise at its own expense.

Table 1.7

**Dynamics of financial stability indicators of
PJSC “ZHYTOMYRSKI LASOSCHI” in 2014-2018**

Indicator	31.12					Absolute deviation			
	2014	2015	2016	2017	2018	2015 /2014	2016 /2015	2017 /2016	2018 /2017
Coefficient of financial stability	0,828	0,840	0,861	0,876	0,900	0,012	0,021	0,015	0,024
Financial independence ratio	0,828	0,840	0,861	0,876	0,897	0,012	0,021	0,015	0,021
Ratio of dependence on long-term liabilities	-	-	-	-	0,003	-	-	-	0,003

Source: calculated by the author on the materials of [annex C, D]

The funds should cover at least half of the activity of the enterprise. So the normative indicator, in this case, is an indicator of 0.5 and above. From the example of PJSC “ZHYTOMYRSKI LASOSCHI” the financial sustainability indicators for 2014-2018 are regulatory and indicate the company's ability to meet its obligations.

Table 1.8

**Dynamics of profitability indicators of PJSC “ZHYTOMYRSKI LASOSCHI”
in 2016-2018**

Indicator	Year					Absolute deviation			
	2014	2015	2016	2017	2018	2015 /2014	2016 /2015	2017 /2016	2018 /2017
Return on assets (ROA)	0,115	0,159	0,122	0,106	0,058	0,045	-0,037	-0,017	-0,048
Return on equity (ROE)	0,139	0,190	0,142	0,121	0,064	0,051	-0,048	-0,021	-0,056
Return on sales (ROS)	0,071	0,079	0,063	0,058	0,040	0,008	-0,016	-0,005	-0,018
Operating	0,110	0,102	0,078	0,071	0,044	-0,008	-0,024	-0,007	-0,028

profitability ratio									
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Source: calculated by the author on the materials of [annex C, D]

During 2015-2018 the return on assets decreased (table 1.8). When in 2015 the company received 15 UAH net profit for each invested hryvnia of assets, in 2018 - only 6 UAH. The main factor behind the decrease in the return on assets is the fall in the amount of net profit over the last years.

The return on equity of the company also decreased. If in 2015, each hryvnia of attracted own funds allowed to receive 19 UAH of net profit, in 2018 – 6.4. Investing in PJSC “ZHYTOMYRSKI LASOSCHI” became less efficient.

The decrease in profitability ratio indicates that the profitability of the enterprise from its main activity is reduced. Operating profitability ratio characterizes the decrease in the possibility of recoupment of expenses in operating activities.

Thus, by analyzing the financial results and certain indicators of the financial position of the company, the conclusions on the efficiency and profitability of the activity of the analyzed enterprise can be made. In general, the activity of the company may be evaluated as quite effective, because the most important indicators of financial position increased (return on assets, return on equity, the profitability of operating activities).

CONCLUSIONS TO PART 1

Confectionery refers to a large range of food items that mainly contain or wrapped by chocolate, sugar and some fillings like sweeteners, texturizers, emulsifiers. The global confectionery market has a value of 15000 million USD in 2018 and will reach 19700 million USD by the end of 2025, growing at a CAGR of 4.0% during 2019-2025.

The confectionery industry concentration is not high; there are more than ten hundred manufacturers in the world, and high-end products mainly from the United States and the Western European countries. In the world, the leaders of the confectionery market mainly distributed in the United States and Europe. The United

States and Europe have a long history and unshakable status in this industry, like Mars and Hershey, both have perfect products. As to Switzerland, the Nestle has become a global leader. In Germany, it is Haribo that leads the technology development. In China, the manufactures focus in Jiangsu, Shandong and Zhejiang province and Mars, Perfetti, Hershey, Cadbury, and Nestle dominate in the market.

The sugar confectionery market in Ukraine registered a positive compound annual growth rate (CAGR) of 3.27% during the period 2011 to 2016 with a sales value of UAH 7,724 Million in 2016, an increase of 3.13% over 2015. The research provides up-to-date market size data for covering key market aspects like Sales Value and Volume for Sugar Confectionery and its variants Caramels and Toffees, Gums and Jellies, Hard Boiled Sweets, Liquorice, Lollipops, Medicated Confectionery, Mints, Other Sugar Confectionery.

The confectionery industry in Ukraine has changed considerably, predominantly, due to the economic crisis, devaluation of the hryvnia, decrease in the purchasing power of population, rise in prices for goods and the situation in the East of Ukraine resulting in a loss of businesses by definite owners. Maintaining the positive dynamics of industry development in conditions of severe competition with the leading world manufacturers in the domestic market may be possible only if the competitiveness of national enterprises increases and they have stable competitive positions. At the same time, the monopolization of the market limits the development of small and medium-sized businesses. Such enterprises have to leave the market because of poor competitiveness. As a result, unemployment and poverty indicators rise, options disappear and the pricing is completely concentrated in the hands of monopolists. The competitiveness of Ukrainian enterprises' products is one of the main causes of the crisis phenomena that are currently observed in the national economy.

PJSC "ZHYTOMYRSKI LASOSCHI" is one of the five leaders on the confectionery market of Ukraine. The economic and financial condition of the enterprise is stable. The annual publication of the results of the activities of the company verifies this fact. Analysis of the financial condition of the enterprise is a necessary step for the development of plans and forecasts for financial recovery of

enterprises. So, by analyzing the financial results of PJSC “ZHYTOMYRSKI LASOSCHI” we concluded the efficiency and profitability of the activity of the analyzed enterprise. In general, most of the company's solvency and financial performance met regulatory values. However, there is no positive trend in the change of indicators of 2014-2018, although there is relative stability. In general, the activity of the company is not effective enough, because the most important indicators of financial position reduced.

PART 2. RESEARCH OF PRODUCTS INTERNATIONAL COMPETITIVENESS LEVEL OF PJSC “ZHYTOMYRSKI LASOSCHI”

2.1. Analysis of factors, that influence the international activity of PJSC “ZHYTOMYRSKI LASOSCHI”

The history of the confectionery factory of PJSC “ZHYTOMYRSKI LASOSCHI” is very long and counts 67 years of hard work. Nowadays it is one of the largest in the confectionery industry of Ukraine. The capacity of the factory is 200 tons per day. At the same time, the range of products of PJSC "Zhytomyrsky Lasoschi" is more than 200 types and the coefficient of its updating is 9%.

PJSC “ZHYTOMYRSKI LASOSCHI” is one of the few enterprises where the system of automatic control of the enterprise «IT-enterprise» is introduced, which allows carrying out a qualitative analysis of activity of structural divisions and the whole enterprise. PJSC “ZHYTOMYRSKI LASOSCHI” exports its candy, cookies and waffles to Russia, Kazakhstan, Uzbekistan, Turkmenistan, Mongolia, Georgia, the Baltic countries, Israel, Germany and the United States of America.

In 2007 PJSC “ZHYTOMYRSKI LASOSCHI” implemented a quality management system following the requirements of ISO 9001: 2000. In 2008, the factory received the ISO 22000 certificate and implemented the "Product Quality Safety System".

The enterprise within the competitive framework must take into account not only its own goals and internal capabilities but also the external conditions of the competitive environment, which have developed objectively and are constantly changing [8].

It should be noted that in recent years, against the backdrop of population decreasing and decline in food production, especially in the confectionery industry, the capacity of the domestic sugar market has a tendency to decrease. However, the foreign market is still attractive. In particular, it is worth noting to increase in Ukrainian chocolate exports (Fig. 2.1), as well as the entry of Ukrainian enterprises into new markets.

In Ukraine chocolate is one of the most popular products after flour products. According to the data of the State Fiscal Service, the export of chocolate from January to December 2018 increased by 3.9% and amounted to 63.4 thousand tons. In monetary terms, enterprises exported \$ 171 386 thousand, which is \$ 19 404 thousand more compared to last year.

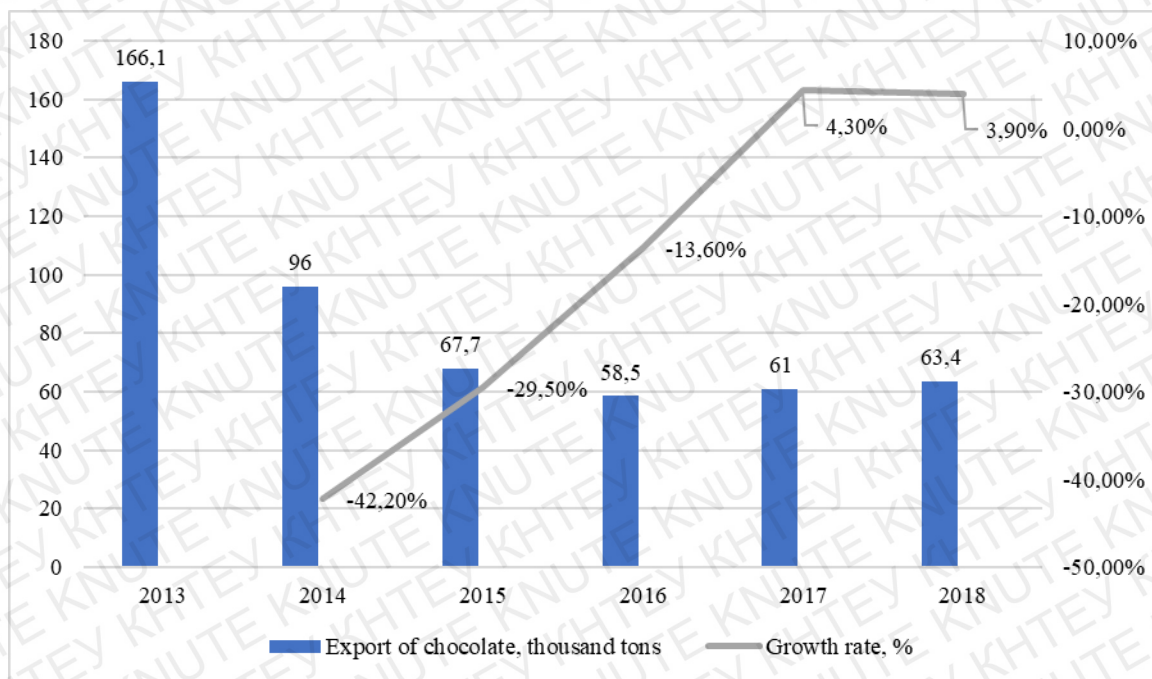


Fig. 2.1 Dynamics of export of chocolate products from Ukraine during 2013-2018 [4]

There are a lot of factors of the external and internal environment that have an impact on the activity of PJSC “ZHYTOMYRSKI LASOSCHI”. It is an enterprise that operates on the territory Ukraine and its main activity is the manufacture of confectionery.

As a first factor and one of the strengths of the enterprise is a wide range of products that the company produces. The range of flour confectionery, that produces enterprises include cookies (sugar, butter, long, oatmeal), crackers, galleys, waffles, wafer tubes, biscuits, rolls, wafer and chocolate-wafer cakes, shortbread pies, waffle sandwiches, chocolate and nut bars. The assortment of sugar group consists of caramel, glazed and non-glazed candies, chocolate, cakes, marshmallows, irises, marmalades. Primary activity of the confectionery factory is the maximization of satisfaction of the needs of consumers. So the marketing department and technologists are working hard

on new types of products, looking for non-standard solutions and using modern technologies. For example, Zhytomyr confectioners are leaders in making diabetic products based on sugar substitutes: fructose, sorbitol, and stevia leaf extract.

High quality of products is an indispensable advantage. Many independent experts recognized high-quality sweets to be popular among the customers. Since 1999, the products of the factory have been awarded the Grand Prix of ten international and national tasting competitions with many diplomas.

Taking into consideration the specifics of the activities of the selected enterprise, we formed a list of factors that influence the international activity of PJSC "ZHYTOMYRSKI LASOSCHI". Each factor assigned a specific gravity that reflects probability implementation of this factor for the enterprise. The most likely event should be assigned a maximum specific gravity of the total. Sum leverage of opportunities and threats should be equal to one. We analyzed the external environment with the help of the heads of departments of the enterprise. The factor that has the greatest impact on the confectionery industry, has the maximum score (5 points), and the one that has less impact on the company - a minimum - 1 point [9].

According to the results of the expert evaluation, a weighted estimate of each factor was conducted by multiplying the proportion of each factor and its expert evaluation. Table 2.1 demonstrates the results of PEST-analysis.

According to the results of PEST-analysis of the company from the external environment, the greatest positive impact has the ability to implement new technologies into production, as the confectionery industry has a high degree of technological equipment and a high level of production technology. Also among economic factors on the enterprise influence the level of capital investment in the industry, which tends to increase, and therefore contributes to the development of the industry. The opportunity for the selected enterprise is an influence on an advertising campaign that may affect product consumption [11].

Among the political threats, the worst impact is the aggravation of export-import conditions, which causes a decrease in the volume of sales abroad.

Among the economic factors, the main threat is a decline in consumer purchasing power. Besides, the negative economic activity of the population contributes to the reduction of consumer solvency.

Table 2.1

PEST-analysis of PJSC “ZHYTOMYRSKI LASOSCHI”

Opportunities	Share	Rating	Integrated assessment	Threats	Share	Rating	Integrated assessment
Political (P)							
1. The presence of a developed market economy in the country, which opens up new opportunities for investment and company activity	0,1	5	0,5	1. Unexpected changes in legislation and in the functioning industry of enterprise	0,05	4	0,2
-	-	-	-	2. Aggravation of export and import conditions	0,16	5	0,8
Economical (E)							
1. Investment attractiveness of the industry	0,2	4	0,8	1. Increase in prices of raw materials and services of third parties	0,1	4	0,4
2. Positive dynamics of the exchange rate	0,1	3	0,3	2. Reduce of workforce	0,15	4	0,6
-	-	-	-	3. The purchasing power of the population	0,19	5	0,95
Social (S)							
1. The impact of advertising on the consumers	0,2	4	0,8	1. Changing consumer preferences	0,05	3	0,15
-	-	-	-	2. The tendency of healthy lifestyle	0,05	3	0,15
-	-	-	-	3. Unstable demographic situation	0,14	5	0,7
Technological (T)							
1. Implementation of new technologies in production, equipment modernization	0,4	5	2	1. Equipment depreciation	0,11	4	0,44
Total	1		4,4	Total	1		4,39

Source: compiled by the author based on [10]

Among the social factors, the most significant is the unstable demographic situation in the country, which is characterized by a significant decrease in population.

The company has a number of strengths and weaknesses associated with the company's internal environment, and the opportunities and threats associated with the external environment (table 2.2).

Table 2.2

SWOT analysis of PJSC “ZHYTOMYRSKI LASOSCHI”

Strengths	Weaknesses
<ul style="list-style-type: none"> - Positive reputation among consumers; - high level of loyalty of consumers to products; - high-quality products; - it is a well - known leader in the markets of Ukraine; - a high degree of technical equipment factories, their constant modernization; - established sales system and effective advertising; - systematic analysis of consumer benefits; - high qualification of personnel; - sales of products through their distribution system. 	<ul style="list-style-type: none"> - Unstable level of prices for raw materials (seasonal fluctuations in sugar prices and others); - the high cost of raw materials; - seasonal fall in demand; - high prices for some products; - dependence on supplier prices of raw materials from abroad; - the outdated management system of enterprise; - decrease in sales of products; - depends on external financial sources (banks).
Opportunities	Threats
<ul style="list-style-type: none"> - Penetration into the new markets of Europe and far abroad; - reduction of trade barriers when entering the foreign market; - product development for a new consumer group (for example, for children); - increase of presence in the CIS and Turkey; - increasing the share in the Ukrainian market; - introduction of modern technologies; - advantages in the geographical location of production facilities near EU countries; - expansion of the distribution network in Ukraine; - development of new types of products. 	<ul style="list-style-type: none"> - Strong competition (ROSHEN, AVK, CONTI); - Not strong enough positions in the international marketing system comparing to its main competitors; - raising prices for raw materials; - changing consumer needs and tastes; - unfavourable demographic changes; - a large number of substitutes; - fluctuations in the exchange rate make it more difficult to enter the world market; - falling demand for products due to a decline in consumer incomes amid the global financial crisis; - decrease in the number of consumers due to the armed conflict in the east.

Source: compiled by the author based on [12]

According to the SWOT analysis of the company the main opportunity for the company is to enter international markets, for example, to export goods to Turkey and Europe. And the main problem is the decrease in sales of products because there is a fall in demand for products by reducing the level of consumer income. The effectiveness and rationality of operational management as a whole depend on the correct choice of

strategy. In this case, the company must choose a strategy that allows to enter the international markets without any loss to the enterprise.

With the help of the conducted PEST and SWOT-analysis, we figured out that enterprise operates in an external environment characterized by a high degree of instability, failing to respond timely and inadequately to the occurring events.

The conducted research shows that to increase the competitiveness of the company the next strategy should be implemented:

- constant use of innovations;
- search for new, more sophisticated forms of manufacturing;
- production of goods of quality that would meet national and world standards;
- sales of goods in those segments of the market where the highest demand and quality requirements are;
- use raw materials of high quality;
- conducting market research in order to identify consumer needs;
- analysis of competitors to identify their strengths and weaknesses;
- investments in researches aimed at improving product quality.

So introduced development strategy will allow the enterprise to use and develop competitive advantages effectively, which will allow attracting investment funds in the sufficient for the enterprise volumes. It will reduce the influence of negative factors on the further activity of the enterprises and increase their level of competitiveness.

2.2. Estimation of international product competitiveness of PJSC “ZHYTOMYRSKI LASOSCHI”

The competitive environment is the result and conditions of interaction of a large number of market players which determine the appropriate level of economic rivalry and the possibility of influence of individual economic agents on the overall market situation. It is important that the competitive environment is formed not only and not so much by market leaders whose interaction causes rivalry, but first and foremost by the relations between them [13, p. 311].

The standard tools of competition to measure market concentration are the Herfindahl-Hirschman index and the concentration ratios. The concentration ratios (CR) show the extent of market control of the largest firms in the industry and illustrate the degree to which an industry is oligopolistic [39].

$$CR(n) = \sum_{i=1}^n S_i \quad (2.1)$$

According to table 2.3, the value of CR-3 means, that 67% of the market share occupy three largest companies (Roshen, Conti and A.V.K). As for the CR-5, five of the largest companies occupy 85% of the market (to the previous companies joined Biscuit-Chocolate Corporation and ZHYTOMYRSKI LASOSCHI). The CR-7 shows that seven companies cover 92% of the market. The result of the analysis means the high level of concentration.

The structural assessment of the competitiveness of the confectionery industry enterprises in Ukraine based on the analysis of the state of the industry. This analysis we made by calculating the intensity of competition and the Herfindahl-Hirschman index (table 2.3).

Table 2.3

The share of enterprises on the confectionery market of Ukraine in 2018

Enterprise	Market share of enterprises, %	Components of the HHI
Roshen	27	729
Conti	25	625
A.V.K.	15	225
Biscuit-Chocolate Corporation	12	144
ZHYTOMYRSKI LASOSCHI	6	36
Poltavakonditer	5	25
Kraft Foods	2	4
Others	8	64
Total	100	2152

Source: [5; 14; 15; 16; 17; 29; 30]

The economists use the Herfindahl-Hirschman Index to assess the degree of monopolization of the industry. They calculate it as the sum of the squares of the sales shares of each company in the industry:

$$HHI = S21 + S22 + \dots + S2n \quad (2.2)$$

As $1800 < HHI < 10000$, this market belongs to markets with a high level of monopolization (concentration) (monopolistic markets). The results of the study showed that the most competitive ones on the market are Roshen, AVK and Konti.

According to well-known ratings (for example, the Candy Industry rating of the TOP-100 confectionery companies in the world), Roshen Ukrainian Confectionery Corporation ranked 25th with sales of 800 million USD. Conti Confectionery Company remained in 43 place, as in the previous year. Its sales totalled 473 million USD, down 4 million USD from a year earlier. At the same time, AVK has risen in the ranking to 3 positions - from 67th place to 64 in 2018. AVK sales totalled 275 million USD, which is a result of last year.

PJSC “ZHYTOMYRSKI LASOSCHI” is significantly inferior to the foreign and Ukrainian giants of the confectionery market but also occupies a significant share. Up to the outbreak of the military conflict in eastern Ukraine (2014), Russia was the most exported country of confectionery. But nowadays (as we can see in the fig. 2.2) the largest buyers of production of PJSC “ZHYTOMYRSKI LASOSCHI” are neighbouring and CIS countries: Kazakhstan, Belarus, and Azerbaijan [5].

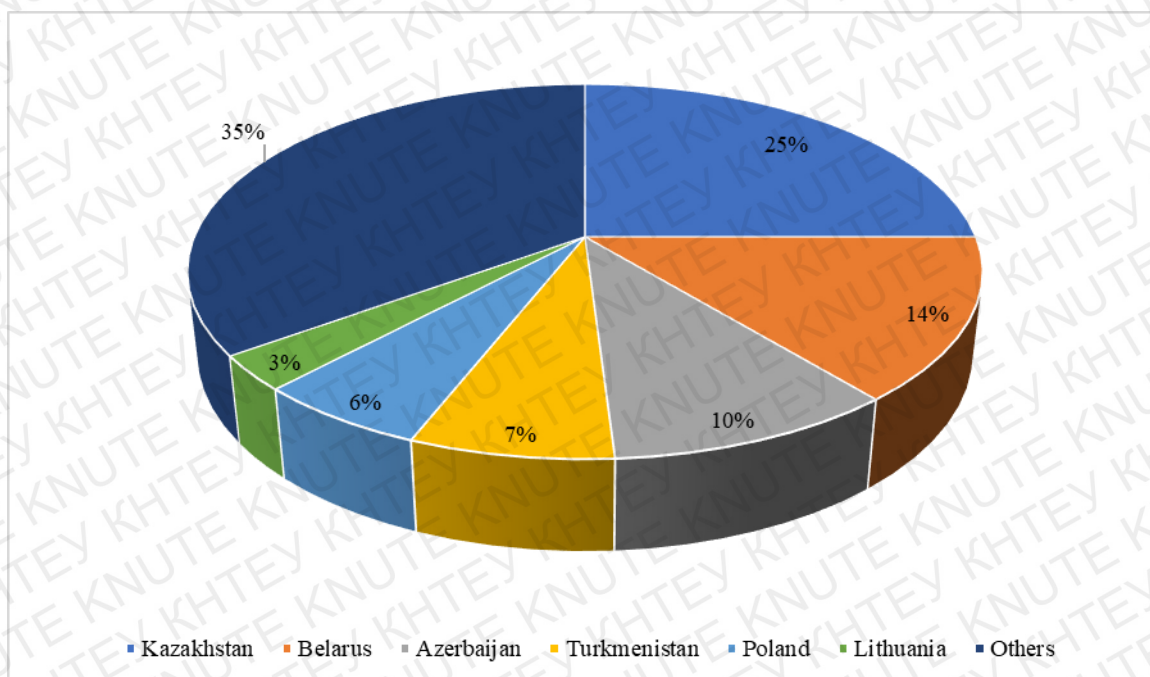


Fig. 2.2 Geographical structure of export of PJSC “ZHYTOMYRSKI LASOSCHI” in 2018, % [5]

Soon the company is planning to enter not only European countries but also such exotic markets as India, Ghana, Nigeria, China. The products of the confectionery industry are value-added products, so they need to increase their exports to foreign markets [19].

Table 2.4

**Dynamics of export efficiency of PJSC “ZHYTOMYRSKI LASOSCHI”
in 2014-2018**

Indicator	2014	2015	2016	2017	2018
Net income from products sale (total), thousands UAH	393694	568070	627639	661401	565951
Net income from products sale (exports) , thousands UAH	78738,8	159059,6	188291,7	211648,32	194423,34
Cost of sales, thousands UAH	314183	459602	512966	538909	454368
Cost of export sales, thousands UAH	62837	128689	153889	172451	154474
Efficiency of export	1,25	1,24	1,22	1,23	1,26

Source: calculated by the author based on the annex C

The main criteria for evaluating the efficiency of foreign economic activity of the enterprise is the maximum receipt of net income from export operations [20]. According to this criterion, we should introduce and select the best options for cooperation with external trading partners.

The positive value has to be greater than one and indicates that the sales of goods in the foreign market will be more profitable than inside of the country [20]. According to table 2.4, PJSC “ZHYTOMYRSKI LASOSCHI” has a positive export efficiency, which shows its export potential.

“ZHYTOMYRSKI LASOSCHI” produce more than 20 groups of confectionery products (Fig. 2.3).

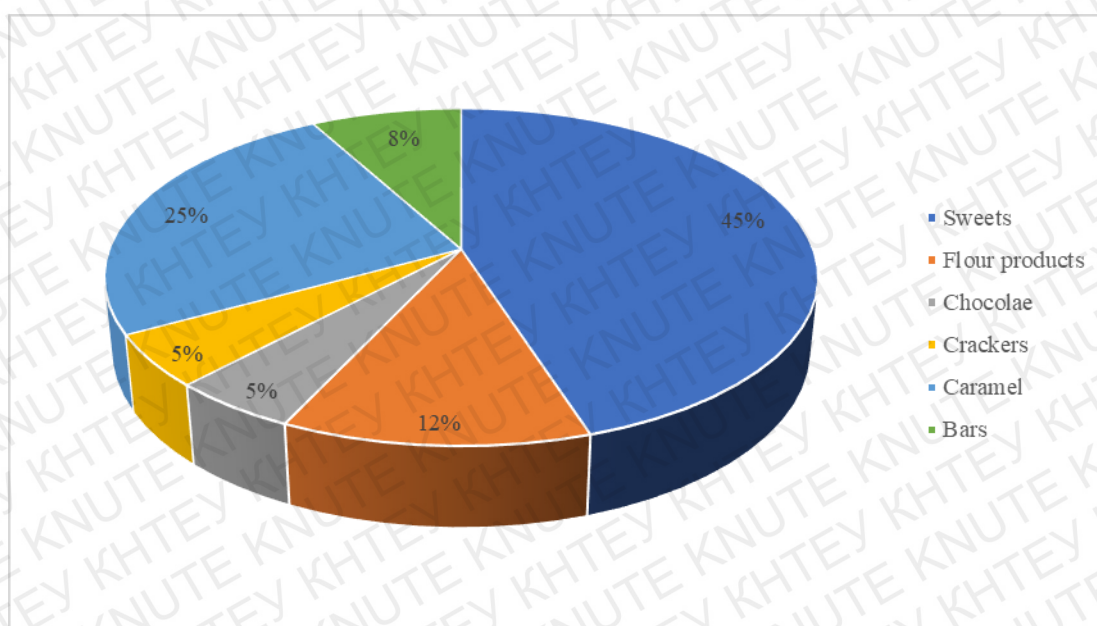


Fig. 2.3. Product range of export of PJSC "ZHYTOMYRSKI LASOSCHI" in 2018, % [6]

One of the elements of competitiveness of the company products is price competitiveness. For each of the products that we presented in the range of competing companies, we determined the reference price - the minimal price for the product.

To determine the price competitiveness of PJSC "ZHYTOMYRSKI LASOSCHI" and its main competitors, first of all, we determined the producer prices for individual commodity items (Table 2.5).

Table 2.5

The average price of products of the main manufacturers of confectionery in the 1st half of 2019

Name of the product	Price, UAH				
	ROSHEN	Nestle	AVK	Bisquite-Chocolate	ZHYTOMYRSKI LASOSCHI
Chocolate bar, 90 gr	13	15	14	20	16
Shortbread cookies, 1 package	28	35	35	44	38
Pack of waffles, 300 gr	35	52	46	30	28
Chocolate sweets, 100 gr	35	36	46	35	38

Source: conducted by the author based on [29; 30; 14; 15; 5]

The following table 2.6 is a calculation of price competitiveness indices for each product. We determined it by comparing the prices for similar products of the main competitors on the confectionery market (table 2.6).

Table 2.6

**Price competitiveness indices of the main manufacturers of confectionery
in the 1st half of 2019**

Name of the product	Price competitiveness indices				
	ROSHEN	Nestle	AVK	Bisquit-Chocolate	ZHYTOMYRSKI LASOSCHI
Chocolate bar, 90 gr	1	1,15	1,08	1,54	1,23
Shortbread cookies, 1 package	1	1,25	1,25	1,57	1,36
Pack of waffles, 300 gr	1,25	1,86	1,64	1,07	1
Chocolate sweets, 100 gr	1	1,03	1,31	1	1,09
Weighted average price index	1,06	1,3	1,32	1,29	1,17

Source: calculated by the author

According to the calculations, Roshen has the smallest index, and therefore it is the company that is the most competitive in price. Therefore, it is necessary to use a wider range of indicators in the integrated assessment of the competitiveness of the company, with both static and dynamic and, above all, reflecting the market position of the company and its activities in the field of marketing.

The most appropriate, and therefore the most common is the usage of an integral indicator of the competitiveness of a company (enterprise). As a rule, it includes two elements: a criterion that reflects the degree of satisfaction of consumer needs (characterizing the relative competitiveness of the product) and the criterion of production efficiency. The general appearance of such an indicator is often as follows [21]:

$$K = \sum_{i=1}^N (W_j K_j) \quad (2.3)$$

where W_j - the weight of individual parties to the activity of the j-th enterprise in the total amount;

K_j - indicators of competitiveness on separate parties of activity of j-th enterprise (total N).

Indicators of competitiveness of j-th enterprise on separate parties of activity:

$$K_j = \sum_{i=0}^n (a_j K_{ij}) \quad (2.4)$$

Using the approach discussed above proposes the following expression for the coefficient of competitiveness of the enterprise:

$$K_{EC} = 0,15E_p + 0,29F_p + 0,23E_s + 0,33C_p \quad (2.5)$$

Where K_{EC} - the coefficient of competitiveness of the enterprise;

E_p - the value of the criterion of efficiency of production activity of the enterprise;

F_p - the value of the criterion of the financial position of the enterprise;

E_s – the value of the criterion of the effectiveness of the organization of sales and promotion of goods in the market;

C_p – the value of product competitiveness.

Odds 0.15; 0.29; 0.23; 0.33 are determined by the expert method of comparisons.

Experts determined weighting coefficients and the values of the criteria as relative values. To determine the relative values (points) of individual indicators, we compared it with indicators taken as the basis of comparison. The average for the industry and the leading enterprise in this market segment can serve as a basis for comparison.

The formula 2.5 shows the production efficiency:

$$E_p = 0,31P + 0,19ROA + 0,4P_p + 0,1P_L \quad (2.6)$$

where P - is the relative cost of production per unit;

ROA - return on assets;

P_p - profitability of products;

P_L - labor productivity;

0.31; 0.19; 0.40; 0.10 - weight indicators, based on the [26].

Criteria of financial condition (F_c) of the enterprise activity is calculated by the formula 2.6.

$$F_c = 0,29I_A + 0,2I_S + 0,36I_L + 0,15I_{tr} \quad (2.7)$$

where I_A - is the relative indicator of enterprise autonomy;

I_S - relative indicator of solvency of the enterprise;

I_L - relative liquidity indicator of the enterprise;

I_{tr} - relative indicator of working capital turnover;

0.29; 0.20; 0.36; 0.15 - weight indicators, based on the [26].

Formula 2.7 determines the criteria for the effectiveness of the organization of sales and promotion of goods in the market (E_s).

$$E_s = 0,37ROS + 0,29I_{FP} + 0,21CU + 0,14E_A \quad (2.8)$$

where ROS - is the rate of return on sales;

I_{FP} - indicator of finished product;

CU - utilization capacity rate;

E_A - effectiveness of advertising and sales promotion;

0.37; 0.29; 0.21; 0.14 - weight indicators, based on the [26].

Table 2.7 presents the result of calculations of indicators on the areas of competitiveness assessment of companies. It is based on the calculations of the initial indicators according to the data of the confectionery companies. According to the assessment of the competitiveness of enterprises, the analysis of the competitiveness of the main confectionery enterprises has shown that they are quite competitive both in the domestic and foreign markets. According to the calculations of the considered indicators PJSC "ZHYTOMYRSKI LASOSCHI" was one of the weakest among the main competitors in the confectionery industry.

Research on the content of the concept "competitiveness of the company" shows the multidimensionality of its interpretation. Competitiveness is a complex category, which is determined by the result of effective economic activity in a competitive market and is reflected by the performance of the company, due to the competitiveness of goods. It reflects the unity of statics and dynamics in competition and is always a comparative characteristic that reflects the degree of competitive advantage of the enterprise over other competitive advantages of the enterprise.

Table 2.7

**The coefficient of competitiveness of confectionery
enterprises in 2018**

Enterprise	Figures				Coefficient of competitiveness of the enterprise
	Production efficiency	The financial condition of the enterprise	Effectiveness of the organization of sales and promotion of goods	Product competitiveness	
Biscuit-Chocolate Corporation	0,15070	0,2147	0,572	1	0,54643
JSC "Poltavakonditer"	0,15171	0,2569	0,532	0	0,21962
PJSC "ZHYTOMYRSKI LASOSCHI"	0,17975	0,2463	0,562	0	0,22765
Nestle Company	0,29973	0,1514	0,707	1	0,58148
Mondelez International	0,36500	0,12818	1,056	1	0,6648

Source: calculated by author based on [14, 15, 5, 16, 17]

When using competitiveness assessment methods, a differentiated approach is required, whereby the most complete information can be obtained using several valuation methods. Strategic and tactical changes in the market, which are not related to the activity of the enterprise strongly influence the competitiveness of products, unlike competitive advantages. Therefore, competitiveness requires skilful manoeuvring in the market space and time and maximum consideration of the requirements and capabilities of specific groups of customers.

CONCLUSIONS TO PART 2

There are a lot of factors of the external and internal environment that have an impact on the activity of PJSC “ZHYTOMYRSKI LASOSCHI”. To analyze factors that influence international competitiveness of PJSC "ZHYTOMYRSKI LASOSCHI" we conducted SWOT and PEST analyses. With the help of the conducted PEST and SWOT-analysis, we figured out that enterprise operates in an external environment characterized by a high degree of instability, failing to respond timely and inadequately to the occurring events occurring.

According to the results of PEST-analysis of the company, we can conclude that from the external environment the greatest positive impact can implement new technologies into production, as the confectionery industry has a high degree of technological equipment and a high level of production technology. Also among economic factors, the enterprise is influenced by the level of capital investment in the industry, which tends to increase, and therefore contributes to the development of the industry.

Conducting a SWOT-analysis of the company we concluded that the main opportunity for the company is to enter international markets, for example, to export goods to Turkey and Europe. And the main problem is the decrease in sales of products because there is a fall in demand for products by reducing the level of consumer income. The effectiveness and rationality of operational management as a whole depend on the correct choice of strategy. In this case, the company must choose a strategy that allows to enter the international markets without any loss to the enterprise.

Research on the content of the concept of "competitiveness of the company" shows the multidimensionality of its interpretation. Competitiveness is a complex category. The scientists determined it by the result of effective economic activity in a competitive market and reflected it by the performance of the company, due to the competitiveness of goods. It reflects the unity of statics and dynamics in competition and is always a comparative characteristic that reflects the degree of competitive

advantage of the enterprise over other competitive advantages of the enterprise. A differentiated approach is obligatory for using competitiveness assessment methods, whereby the complete information can be obtained using several valuation methods.

The analysis of the competitiveness of the main confectionery enterprises has shown that they are quite competitive both in the domestic and foreign markets. According to the assessment of the competitiveness of enterprises, the analysis of the competitiveness of the main confectionery enterprises has shown that they are quite competitive both in the domestic and foreign markets. According to the calculations PJSC “ZHYTOMYRSKI LASOSCHI” was one of the weakest among the main competitors in the confectionery industry.

So, the development of recommendations was a necessary step for improving the competitiveness level of the enterprise.

PART 3. IMPROVEMENT OF PJSC “ZHYTOMYRSKI LASOSCHI” COMPETITIVE POSITION ON FOREIGN MARKET

3.1. Development of measures for improvement of PJSC “ZHYTOMYRSKI LASOSCHI” competitive position

In the dynamic conditions of the intensification of competition, the consumers' needs are rapidly increasing, competitors positions are strengthening, and the timing of the introduction of innovative technologies is constantly decreasing. The sustained growth of enterprise competitiveness and, as a consequence, strengthening of competitive positions in the market is impossible without a carefully conducted organizational and economic model for managing the competitiveness of an enterprise based on an integrated mechanism for the realization of its competitive advantages [18].

An enterprise must know to what extent it is competitive concerning other entities in the market since a high degree of competitiveness is a guarantor of obtaining high economic performance and providing him with survival in conditions of severe competition. By the level of competing of the economic objects, economists distinguish the competitiveness of the industry, enterprise, goods [19].

Strategic directions of increasing the competitiveness of PJSC “ZHYTOMYRSKI LASOSCHI” are as following:

- 1) reasonable advertising policy;
- 2) thorough examination of consumer inquiries and analysis of competitors;
- 3) improvement of the qualitative characteristics of products;
- 4) development of new products;
- 5) modernization of equipment;
- 6) measures to reduce costs;
- 7) improvement of service on an example after a sales service.

Figure 3.1 shows four strategic levels of competitiveness of the enterprise [20].



Fig. 3.1 Ways of increasing interaction of the levels of competitiveness of PJSC “ZHYTOMYRSKI LASOSCHI” [20]

Increasing the competitiveness of PJSC “ZHYTOMYRSKI LASOSCHI” in the foreign market is possible under the conditions of implementation of the developed strategy of expanding export operations of confectionery enterprises in new markets, which includes three blocks [31]:

- 1) increase in the share of exports;
- 2) management of an industrial enterprise;
- 3) the activity of the firm.

Increasing the competitiveness of the company's export products achieved to a large extent by launching a new product through powerful advertising; offering decent after-sales service; high-quality products at an affordable price; enhancing the business reputation and image of the company, which is a powerful demand-driven force [32].

First of all, to increase the competitiveness of the company, it is important to develop the directions that provide processes for improving the competitiveness of products of PJSC “ZHYTOMYRSKI LASOSCHI” in the foreign market (fig. 3.2).

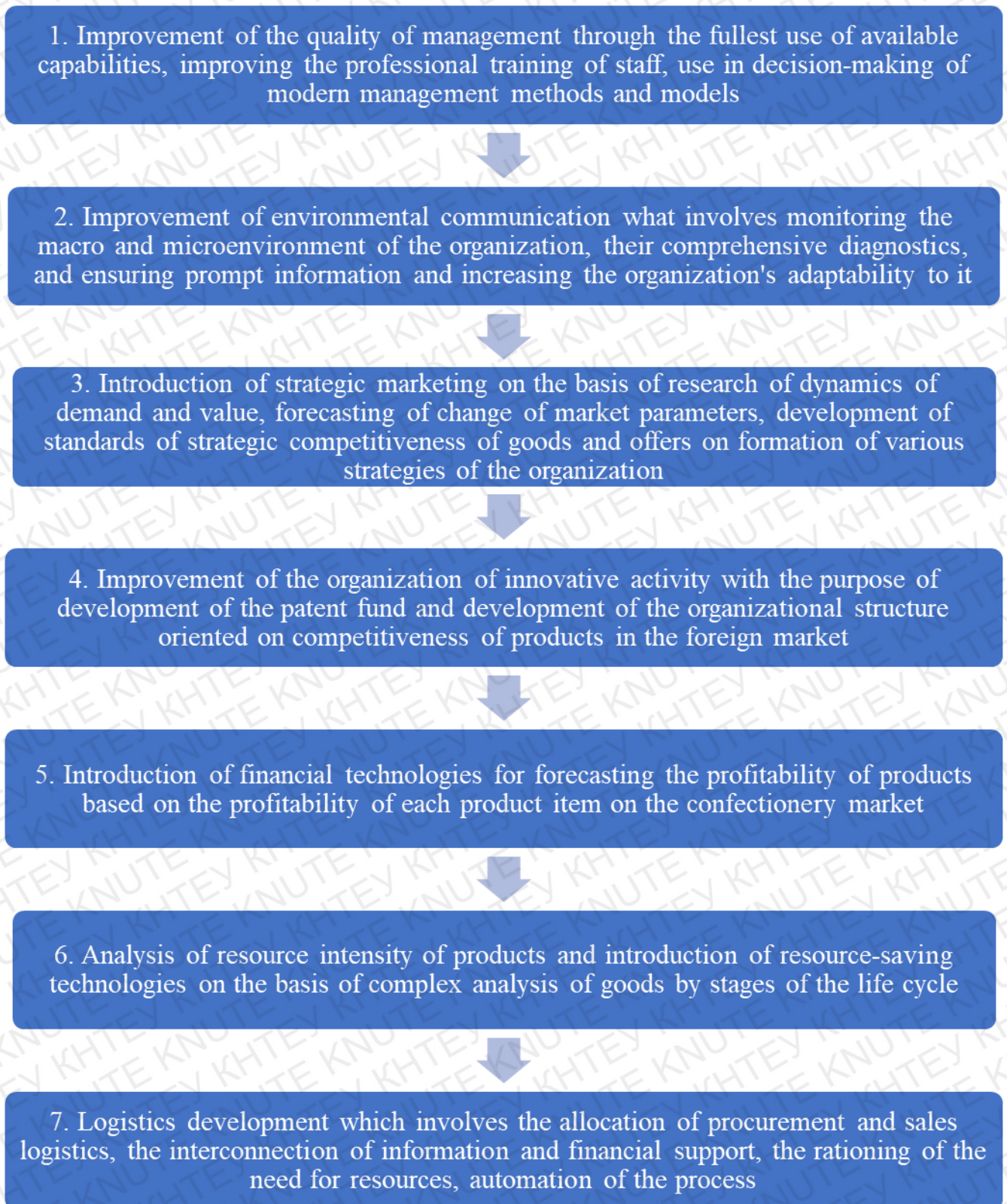


Fig. 3.2 Ways of increasing international product competitiveness of PJSC “ZHYTOMYRSKI LASOSCHI” [20]

There are several alternative organizational models for the company to enter foreign markets [33]. This choice is especially relevant for Ukrainian companies entering the profitable but highly competitive foreign markets (Table 3.1).

Table 3.1

Alternative ways of PJSC “ZHYTOMYRSKI LASOSCHI” increasing export potential

Model	Reasons for choosing	Advantages	Disadvantages
Indirect export / trademark	<ol style="list-style-type: none"> 1. Lack of financial resources. 2. Lack of own brand/resources to promote it in the target market. 3. Relatively small production volumes. 	<ol style="list-style-type: none"> 1. Low cost of developing a new market. The exporting company, in fact, only pays for the certification of its products and their alignment with the target market standards. 2. It is easy to find a partner with high-quality products. 	<ol style="list-style-type: none"> 1. Lower profit margin compared to direct exports through a partner or subsidiary. 2. Lack of control over product promotion and sales strategy. 3. Lack of own brand. The company remains "unrecognizable" in the target market.
Subsidiary	<ol style="list-style-type: none"> 1. Availability of sufficient financial resources. 2. High volume of target market. 3. High potential to sell products of a particular segment. 4. The favorable investment climate in the country 	<ol style="list-style-type: none"> 1. Full control over all stages of production, export, promotion, sale of products. 2. Effective and long-lasting presence in the target market. 3. Additional opportunities for developing markets with similar requirements. 	<ol style="list-style-type: none"> 1. High cost and duration of the process of establishing a subsidiary. 2. With relatively low sales, investments in a subsidiary will pay off for a long time
Partnership / Joint Venture	<ol style="list-style-type: none"> 1. Import restrictions in the destination country. 2. Political risks. 3. High sales potential. 4. Adverse investment climate and regulatory policy. 	<ol style="list-style-type: none"> 1. Allows overcoming existing political, regulatory, and cultural barriers. 2. High likelihood of long-term relationship with a partner. 3. Allows to unite and combine the resources and communications of several companies/counterparties. 	<ol style="list-style-type: none"> 1. Difficulties with controlling product promotion and sales strategies. 2. A significant amount of investment is required. 3. The risk of managerial conflicts is increasing. If the market conditions change, the partner can become a competitor.
Investment in finished production	<ol style="list-style-type: none"> 1. Import barriers. 2. High sales potential. 3. Favourable investment climate. 4. Low political risks, stable state institutions. 5. Availability of sufficient financial and other resources in the company. 	<ol style="list-style-type: none"> 1. Complete control over production, promotion and sale of products in the target market. 2. High efficiency of understanding the peculiarities of the functioning of the target and similar markets. 3. Ability to avoid existing barriers to import. 	<ol style="list-style-type: none"> 1. In the absence of experience, significant problems with the management of foreign assets. 2. It is necessary to infuse significant resources, including finance and time. 3. High risk of investment loss due to lack of knowledge of the business environment.
Licensing / franchise	<ol style="list-style-type: none"> 1. Investment and import barriers. 2. Low sales potential in the target market. 3. Big cultural differences. 	<ol style="list-style-type: none"> 1. Minimal investments and risks. 2. High speed of entering the target market. 3. Opportunity to avoid existing trade, investment, regulatory barriers. 4. High ROIs. 5. The counterparty in your country is adapting your product or brand, and you only have to control the process. 	<ol style="list-style-type: none"> 1. Suitable for all types of companies. 2. The licensee/franchisee may eventually become a competitor. 3. Risk of contract termination/renewal.

Source: compiled by the author based on [23]

Strategic directions for increasing the competitiveness of the enterprise we formed in the form of the client-oriented paradigm of innovative development of a modern enterprise: they should not be narrowly secure functional, but complex with their own strategic set and basic logical tools of modern management, which acts as a driver in the system of enterprise competitiveness management and provides its competitiveness and long-term profitability. Depending on the market situation, the environment of functioning, the level of competitive advantages, methods of competitive rivalry, the enterprise chooses the appropriate strategy of competitiveness and behaviour model [35].

Table 3.2

**Comparing countries by the relevance of penetration
PJSC “ZHYTOMYRSKI LASOSCHI” into their market**

Variables	Validity	Countries		
		EU countries	USA	Asian countries
1. Investment income				
-the amount of necessary costs for the modernization of products to the market of a particular country	0 - 3	3	2	2
- direct costs;	0 - 4	3	4	1
- tax burden;	0 - 3	1	2	2
- current market capacity;	0 - 4	2	4	1
- current market growth rate;	0 - 3	1	3	1
- forecast of market demand growth in the next 2 years	0 - 5	2	5	1
- costs associated with the promotion and transportation of products	0 - 4	4	2	2
Total		16	23	10
2. The level of risk				
- currency problems;	0 - 2	2	1	1
- political instability;	0 - 3	2	2	1
- legislation concerning the confectionery business;	0 - 4	3	2	1
- market forecast for the nearest years	0 - 5	2	1	2
-shadow economy	0 - 3	2	3	1
- discriminatory measures against imported products by the state	0 - 5	3	4	1
- monopolization of the studied market	0 - 5	2	2	4
Total		16	14	11

Source: compiled by the author based on [24]

To define a specific strategy for the development of the company and to choose the international market, we used the methodology of analyzing the availability of international markets (table 3.2).

The EU confectionery market is extremely attractive but at the same time the most competitive market. The leading confectionery corporations present their products in this market. At the same time, the quality of confectionery products must be the best and meet the regulatory requirements of the European Union [36]. All this requires a significant cost of PJSC "ZHYTOMYRSKI LASOSCHI" related to the production and marketing of products intended for EU markets. At the same time, we cannot know whether the company will achieve the objectives of quality service of the European market in the conditions of fierce competition. The analysis shows that the volume of allowances for preferential imports of different types of confectionery products following the requirements of the European Union is constantly increasing (Table 3.3).

Table 3.3

The quota for domestic enterprises for preferential importation of certain types of confectionery products to the European Union

Type of products	Quota size, thousand tons			Deviation
	2016	2017	2018	
Chocolate and its products	25	32	40	15
Sugar confectionery	28	30	34	6
Flour confectionery	42	48	55	13

Source: [4]

The most promising area of international development of PJSC "ZHYTOMYRSKI LASOSCHI" is the common market of the European Union. According to the advantages in geographical, demographic, political and economic parameters, the production companies of the confectionery industry of Poland should be chosen as a production base of international activity [37]. Two powerful companies are operating on the Polish market that practice production and business activities under license agreements. PJSC "ZHYTOMYRSKI LASOSCHI" should decide in the direction of choosing one of the best strategic alternatives. The calculation of the choice of potential partners for international activities we presented in table 3.4.

Table 3.4

**The potential partners in choosing the strategy of international development
in the Polish confectionery market**

Evaluation criteria	Value	Tago Confectionery Company, Radzymin (Poland)		Norimp Bako Poland Confectionery Company, Wroclaw (Poland)	
		Point	Rating	Point	Rating
Financial position	4	5	20	4	16
Production capacity	5	4	20	3	15
Contacts with consumers	3	4	12	3	9
Providing necessary market coverage	3	4	12	3	9
Reputation and image	3	5	15	4	12
Compatible goods that are sold	3	3	9	4	12
Staff skills	3	3	9	4	12
Technical support	1	5	5	3	3
Results of previous activity	2	4	8	3	6
Willingness to work together	1	3	3	3	3
Good relations with the government	1	4	4	3	3
Total	-	-	112	-	97

Source: compiled by the author based on [21, 22]

The opening of production facilities in Poland is a logical direction of securing its presence on the strategically important confectionery market of the European Union. This will provide a legally legitimate way of ensuring a presence on the EU common market, since confectionery will be produced directly in the EU's customs territory, and thus it will be a product of EU internal market production. The quality standards of European countries will guarantee the quality of products [38].

The results of the analysis showed that confectionery products under TM "ZHYTOMYRSKI LASOSCHI" of the same Ukrainian company will be produced at the factory of the Polish confectionery company "Tago" with a location in Radzymin. One of the most progressive strategic approaches to the international development of PJSC "ZHYTOMYRSKI LASOSCHI" in the Polish market is the strategy of forming joint venture with the Tago confectionery company. The contribution of the creation of a new company we will distribute between the parties and it will be 50% of each company. According to this, the companies will divide its profit in proportion to the

shares of participants. Production facilities will provide Polish factory, the Ukrainian side will provide raw materials, and development and improvement department will be set up with specialists from both countries. The first stage of cooperation involves defining the scope of activity, developing assortment policies, drafting a mission, and forming the company's strategic goals [34]. First of all, it is necessary to develop the mission and strategic guidelines of PJSC “ZHYTOMYRSKI LASOSCHI” in the implementation of the international development strategy (table 3.5).

Table 3.5

**Formulation of the mission and strategic orientations of
PJSC “ZHYTOMYRSKI LASOSCHI” for production confectionery at the
production facilities of the Tago confectionery company**

I. ENTERPRISE MISSION	
Expansion of international activities to gain a stable competitive position in the Polish market in the sale of high-quality confectionery products made using the latest technology using environmentally friendly raw materials.	
II. STRATEGIC ORIENTATIONS	
Strategic goals	1. Ensuring the presence of the confectionery products of the company in the highly competitive market of Poland. 2. Expansion of production of confectionery. 3. To profit that will satisfy the interests of the company.
Product description	Implementation of traditional assortment groups of confectionery products made using the latest technologies and high quality and environmentally friendly raw materials.
Market characteristics	Wide specialization and distribution through product differentiation to meet the needs of consumers, taking into account different requirements for quality, service level and price.
Targets of the enterprise	Conquering sustainable positions in the highly competitive EU confectionery market and expanding markets to meet the needs of consumers in quality and affordable products.
The technology of the enterprise	Manufacturing of goods at the production facilities of the Tago confectionery company using the latest achievements in the organization of confectionery production, advanced domestic and foreign achievements in the field of technology.
The philosophy of the enterprise	Focusing on building a spirit of partnership and mutual support. Compliance with the generally accepted standards of morality and behaviour in society towards consumers, employees, competitors, and other market agents. Formation of an organizational culture aimed at maintaining the spirit of collectivism and friendship.
An external impression of the company	Focus on enhancing the brand prestige of an enterprise based on a socially responsible attitude towards all market agents.

Source: compiled by the author based on [26]

Strategic goals of Joint Venture:

1. Production of two new product lines within three months by developing the

optimal formulation and re-equipment.

2. Increase sales by 50% in the second half of the year by conducting active advertising, which should include: advertising in the media, promotions - degustations in supermarkets and cafes of business centres, placing billboards in big cities.

3. To open six branded kiosks within a year, which will move through the central streets of the biggest cities of Poland - Warsaw, Lodz, Krakow, Wroclaw, Poznan, and Gdansk at the expense of additional investment of both partners.

4. Start direct export of 20% of products to the Central European market during 2020 by opening an export department in the company.

5. During three years to increase the volume of sales of goods by an average of 15% annually by increasing the range, maintaining high-quality products and geographical expansion of the distribution network.

3.2. Effectiveness assessment of proposed measures for PJSC “ZHYTOMYRSKI LASOSCHI”.

The effectiveness of the implementation of the strategy of international activity of PJSC “ZHYTOMYRSKI LASOSCHI” based on Joint Venture with Tago Company is determined by investment attractiveness of the project.

On the first stage, it is necessary to determine the amount of investment required for the enterprise. From the Polish side, the introduction of a chocolate production line in a company tile requires raising funds of 43,000 EUR. Equipment for the production of whole-grain bars requires the purchase of equipment worth EUR 38,000. Table 3.6 shows the financial costs shared by the companies.

Thus, the amount required for the first year of investment is 436000 euros. The source of investment is the company's funds, namely reserve capital and retained earnings.

Supposing that the first line produces 50000 bars of chocolate every month and sells it for 1.5 euros per unit. Thus, for the year the revenue equals 900,000 euros, the cost value is 684,000 euros, VAT (8%) - 72,000 euros. Net first-line sales revenue for

the first year will be 144,000 euros. The second line of the enterprise produces 20,000 pieces of cereal bars per month, the cost of a unit of goods is 0,7 euro. During the year the company sells goods for 360000 euros, the cost of production is 273600 euros, VAT (8%) - 28800 euros. Net income from second-line sales for the first year will be 57,600 euros.

Table 3.6

**The expenses of PJSC “ZHYTOMYRSKI LASOSCHI” and Tago Company
for the first year of operation of Joint Venture**

PJSC “ZHYTOMYRSKI LASOSCHI”		Tago Confectionery Company	
Cost item	Amount in Euro	Cost item	Amount in Euro
Raw materials	86000	Factory conversion	4000
Administrative expenses	13000	Administrative expenses	25000
Materials for packing goods	17000	Sales, logistics and shipping costs	9000
Development of product design, branding.	3000	Advertising billboards in the biggest cities of Poland	3000
Advertising	800	Promotions in retail chains	5000
Purchase and equipment of kiosks	91000	Purchase and equipment of kiosks	91000
Total	218000	Total	137000

Source: compiled by the author

According to the company's strategic goal of increasing revenues by 15%, it is possible to calculate revenue for the planned period. The results of the calculations we presented in table 3.7.

Table 3.7.

**PJSC “ZHYTOMYRSKI LASOSCHI” and Tago Company estimated
revenue for the following three years**

Indicator	Years		
	2019	2020	2021
First-line income, EUR	144000	165600	190440
Second-line income, EUR	57600	66240	76176
Total	201600	231840	266616

Source: calculated by the author

So, the joint Ukrainian - Polish company requires significant investments, but at the same time it has attractive prospects and real opportunities to generate revenue that will cover losses and in the long-term prospect can make a significant profit. From the table 3.7, we notice that the income for three years operating in the market will be

700056 euros.

At the next stage of the analysis, there is a need to calculate the investment attractiveness of the project [43].

We used standard methods of calculation to evaluate the effectiveness of investment projects: net present value (NPV) and payback period. These indicators we calculated based the cash flow plan of the investment project.

There is no denying the fact that every investment process involves risk. In this regard, when deciding on the financing of the project it is important to take into account the factor of time in order to estimate the costs, revenue, profit from the implementation of a particular project, taking into account the time changes [40].

Net present value (NPV) is the most reliable and commonly used method. It shows the difference between the sum of all discounted cash flows and initial investment. According to the theory, the project is acceptable if the NPV value is positive and discarded if the NPV is negative. We used the formula 3.1 for NPV calculation [41].

$$NPV = \sum_{t=0}^n \frac{CF_t}{(1+R)^t}$$

(3.1)

Where NPV - net present value;

n, t - the number of time periods;

CF – cash flow;

R - cost of capital (discount rate).

PJSC “ZHYTOMYRSKI LASOSCHI” has to make many decisions regarding the expansion of business and investment. In such cases, the organization will take the help of NPV method and base its decision on the same.

Net present value is used in Capital budgeting to analyze the profitability of a project or investment. The economists calculate it by taking the difference between the present value of cash inflows and present value of cash outflows over a period of time [44].

Net present value is nothing but net off of the present value of cash inflows and

outflows by discounting the flows at a specified rate [45].

The discount rate is 10%, the number of years is three.

Thus, it is necessary to calculate the NPV value for the PJSC “ZHYTOMYRSKI LASOSCHI” and Tago Company joint project.

According to calculations, the net present value is positive and amounts 139189 euros. Therefore, the necessary condition for project efficiency ($NPV > 0$) is fulfilled, which means that the above results exceed the stated costs. As a conclusion, in the result of the project the value of the firm on the foreign market will increase, the invested funds will be covered and the company will make a profit.

Payback Period describes the length of the period from the initial point of investment to the step of the settlement period, during which the full return on investment from the project revenue is received. Payback period is the time in which the initial outlay of the investment expects recover through the cash inflows generated by the investment. It is one of the simplest investment appraisal techniques. It corresponds to the time in the settlement period after which the cumulative (determined by incremental) magnitude of the current elements of the cash flow from the investment and operating activities (NCF) becomes and remains positive. General formula 3.2 for calculating PP is as follows [42]:

$$PP = k, \text{ where } \sum_{i=1}^N NCF_i \geq Inv$$

(3.2)

Where k - is the number of the accounting period on which the return on investment occurs;

NCF_i - is the net cash flow for the i -th period;

Inv - initial investment.

As a result of calculations, $201600 + 231840 + 266616 \geq 436000$. The calculations show that the investments will pay off at the beginning of the third year. For more exact, determine the amount of cash flow in the third year required to cover the investment: $436000 - (201600 + 231840) = 2560$ euros. According to a proportion of 266616 euros is equal to 12months, and 2560 euros = X . In such a way a payback period of investments is 2.12 years.

The economic effect involves any useful result expressed in the cost estimate. In the indicators of revenue, income, profit is a useful result of the company [47].

Economic efficiency is the ratio between the results of economic activity and the cost of material labour and resources [48].

Unlike economic effect, economic efficiency is a relative value. We can only determine it by comparing the economic effect as a result of activity with the costs that led to this effect. Most often, economic efficiency depends on what the expressed economic effect and what costs are taken into account in the calculation, the coefficient of economic efficiency may be calculated differently, but the essence remains the same.

Profitability index measures performance of the company. The economists recommend to calculate the profitability index by comparing costs with economic effect as a monetary expression of the result of formula 3.3 [49]:

$$(3.3) \quad \text{Profitability Index} = (\text{Income} / \text{Expense}) * 100\%$$

The profitability index of the joint Ukrainian-Polish company is $700056/436000 * 100\% = 62\%$. As a result, it is obvious that the measures to improve the strategy of entry into the Polish market, offered for PJSC “ZHYTOMYRSKI LASOSCHI”, are effective.

Thus, the proposed measures to establish a joint venture with the Polish confectionery company "Tago", the location of production facilities in Poland, the use in the production of Ukrainian raw materials, the introduction of two new lines of production of goods that most closely match the trends of the confectionery industry, are appropriate. This is evidenced by the data obtained as a result of the calculation of several indicators, namely NPV = 139189 Euro indicates the fulfilment of the required project efficiency condition, the payback period is 2.12, is not large enough in the conditions of a variable environment. However, the most significant indicator is the high profitability index of this project, which is 62%. Therefore, the use of the above measures will help PJSC “ZHYTOMYRSKI LASOSCHI” to develop its production on the product market, increasing its competitiveness.

According to the calculations, the cost values of sales in the first year of

implementation of suggested measures was 6104000 UAH. What about net revenue, in the first year, it was 5644800 UAH. Based on the calculations above, table 3.8 demonstrates the positive effect of implemented measures for the PJSC "ZHYTOMYRSKI LASOSCHI". Taking into consideration that net revenue from products sale after implemented measures was likely to increase by 15%.

Therefore, as a result of the implementation of the proposed measure at the PJSC "ZHYTOMYRSKI LASOSCHI" to implement joint venture with the Tago company, the following changes have occurred: net revenue increased only by 1% in 2019, what in accordance with the increasing cost value of sales decreased net income of PJSC "ZHYTOMYRSKI LASOSCHI" by 54%. While the increase in net income from sales of products by 15% will increase the net profit by 124% in the forecasted 2021 year.

Table 3.8

**Dynamics of income statement of PJSC "ZHYTOMYRSKI LASOSCHI"
in 2018-2021 years**

Indicators	2018 (Actual)	2019 (Planned)	2020 (Forecast)	2021 (Forecast)	Rate of growth (+) / decrease (-), %		
					2019 to the level of 2018	2020 to the level of 2019	2021 to the level of 2020
Net revenue from products sale	565951	571596	637 902	733 587	1	11,6	15
Cost value of sales	454368	460472	468203	470112	1,34	1,68	0,41
Gross profit	111583	111124	169 699	263 475	-0,41	52,71	55,26
Other operational revenue	9159	8487	9745	10576	-7,34	14,82	8,53
Administrative expenses	28361	31151	32769	34896	9,84	5,19	6,49
Selling expenses	46268	59992	58601	61485	29,66	-2,32	4,92
Other operational expenses	20624	17462	17800	17652	-15,33	1,94	-0,83
Financial result of operating activities: profit	25489	11006	70274	160018	-56,82	538,51	127,71
Other financial income	2403	2036	2020	2130	-15,27	-0,79	5,45

Other income	0	0	0	0	-	-	-
Financial expenses	55	77	85	79	40	10,39	-7,06
Other expenses	207	256	285	279	23,67	11,33	-2,11
Financial result before tax: profit / loss	27630	12709	71924	161790	-54	465,93	124,95
Income tax expenses	4973,4	2287,62	12946,32	29122,2	-54	465,93	124,95
Net income / loss	22656,6	10421,38	58977,68	132667,8	-54	465,93	124,95

Source: compiled by the author

Besides, it will increase revenue and gross profit, as well as reduce net loss, which will have a positive impact on the financial position of the company, namely at the level of profitability [50].

At the stage of joint venture creation, we defined the sphere of activity of the production of new sweets that correspond to the trends of healthy eating. An assortment policy based on the principle of differentiation has been developed. The mission is to reveal the benefits of cooperation, production features and social orientation of the enterprise, as well as develop strategic goals for the next three years, which will optimally contribute to the development of PJSC "ZHYTOMYRSKI LASOSCHI". The next proposal for the introduction of new production lines for the production of chocolate tiles with fresh fruit and cereal bars in natural juice glaze is based on the experience of world-famous food corporations. The determination of the equitable distribution of shares between the participants of a joint venture is due to the same interest of the companies in cooperation, the prospect of proportional distribution of risks and the similarity of the companies in the range, experience in the confectionery industry and strategic development. Therefore, taking into account all the above parameters, we calculated the the sum of required investments from PJSC "ZHYTOMYRSKI LASOSCHI", which is 218000 euros. The source of investment is reserve capital and retained earnings of the company. The estimated total revenue of the joint venture in three years, taking into account the strategic objective of increasing the volume of sales of goods by 15% annually, will be 700056 euros.

Taking into consideration implemented measures we conducted the analysis of income statement of PJSC "ZHYTOMYRSKI LASOSCHI". Key indicators characterizing the financial results of operations for the forecasted period has increased.

CONCLUSIONS TO PART 3

Increasing the product competitiveness of PJSC “ZHYTOMYRSKI LASOSCHI” in the foreign market is possible under the conditions of implementation of the developed strategy of expanding export operations of confectionery enterprises in new markets, which includes three blocks:

1) increase in the share of exports - identifies the main goals of expanding the export of the enterprise, whereby the company can enter new markets: to open representative offices, branches abroad, joint venture, direct investment, or increase production in the domestic market and its further export to new markets;

2) management of an industrial enterprise - identification of strategic goals of the enterprise, management of the foreign economic activity, analysis of internal and external environment for accurate characterization of problems and advantages of the enterprise;

3) the activity of the firm - a characteristic of the main actions of the company, affecting its successful activity, both in the domestic market and in the external.

According to the results of the study, the most acceptable form of external expansion of PJSC “ZHYTOMYRSKI LASOSCHI” into the European Union market is a joint venture with a company located in one of the EU countries. The opening of production facilities in Poland is a logical direction of securing its presence on the strategically important confectionery market of the European Union. This will provide a legally legitimate way of ensuring a presence on the EU common market, since confectionery will be produced directly in the EU's customs territory, and thus it will be a product of EU internal market production. The quality standards of European countries will guarantee the quality of the products.

CONCLUSIONS

Assessment and forecasting of international competitiveness of enterprises, determining the factors influencing it, as well as the development of measures to ensure the necessary level are the most important prerequisites for effective implementation of commercial activity of enterprises.

Competitiveness for the consumer is higher in comparison with analogues-substitutes of the ratio of modern qualitative characteristics of the product and the cost of its purchase and consumption at their respective requirements of a certain segment. From the manufacturer's point of view, the competitiveness of products is the achievement of unconditional profitability in their activities and the creation of a positive image for their consumers.

PJSC "ZHYTOMYRSKI LASOSCHI" is one of the major players of the confectionery industry in terms of production and sales over the last few years, due to capacity modernization, it has increased its output. We analyzed the balance sheet of PJSC "Kyiv Roshen Confectionery Factory". In general, most of the company's solvency and financial performance met regulatory values. However, there is no positive trend in the change of indicators of 2016-2018, although there is relative stability. In general, the activity of the company is not effective enough, because the most important indicators of financial position reduced.

To analyze factors that influence international competitiveness of PJSC "ZHYTOMYRSKI LASOSCHI" we conducted the SWOT and PEST analyses. According to the results of PEST-analysis of the company, we can conclude that from the external environment the greatest positive impact can implement new technologies into production, as the confectionery industry has a high degree of technological equipment and a high level of production technology. Also among economic factors, the enterprise is influenced by the level of capital investment in the industry, which tends to increase, and therefore contributes to the development of the industry.

Conducting a SWOT-analysis of the company we can conclude that the main opportunity for the company is to enter international markets, for example, to export goods to Turkey and Europe. And the main problem is the decrease in sales of products because there is a fall in demand for products by reducing the level of consumer income. The effectiveness and rationality of operational management as a whole depend on the correct choice of strategy. In this case, the company must choose a strategy that allows to enter the international markets without any loss to the enterprise.

The analysis of the competitiveness of the main confectionery enterprises has shown that they are quite competitive both in the domestic and foreign markets. According to the calculations PJSC “ZHYTOMYRSKI LASOSCHI” was one of the weakest among the main competitors in the confectionery industry. So it was necessary to develop recommendations for improving the competitiveness level of the enterprise.

According to the results of the study, the most acceptable form of external expansion of PJSC “ZHYTOMYRSKI LASOSCHI” into the European Union market is a joint venture with a company located in one of the EU countries. The opening of production facilities in Poland is a logical direction of securing its presence on the strategically important confectionery market of the European Union. This will provide a legally legitimate way of ensuring a presence on the EU common market, since confectionery will be produced directly in the EU's customs territory, and thus it will be a product of EU internal market production.

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APPENDICES

Appendice A

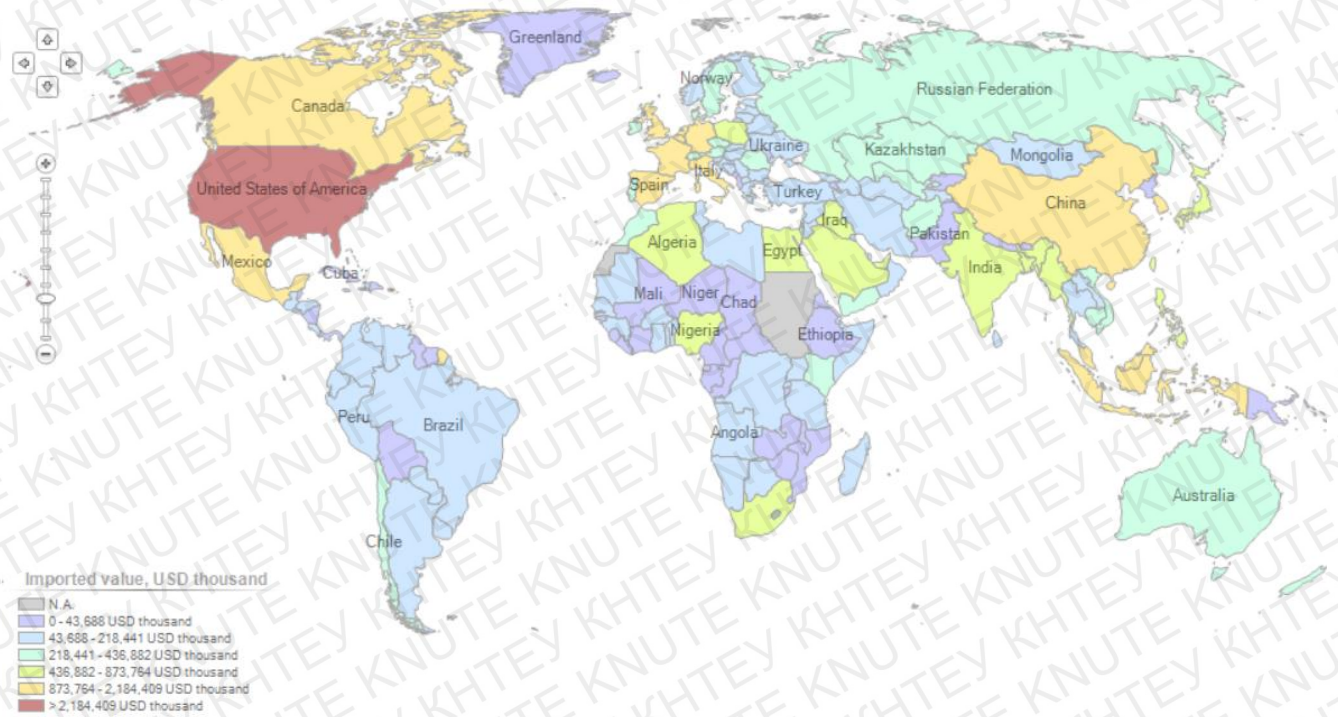
List of exporters for the selected product in 2018
Product : 17 Sugars and sugar confectionery



Appendix B

List of importers for the selected product in 2018

Product : 17 Sugars and sugar confectionery



Appendice C

**Balance Sheet (Financial Statement) of PJSC “ZHYTOMYRSKI LASOSCHI”
during 2014-2018, ths. UAH**

Assets	Line code	For 31.12.14	For 31.12.15	For 31.12.16	For 31.12.17	For 31.12.18
1	2	3	4	5	6	7
I. Non-current assets						
Intangible assets:	1000	893	955	936	858	674
initial value	1001	1634	1805	1888	1905	1813
accumulated depreciation	1002	741	850	952	1047	1139
Construction in progress	1005	0	0	0	0	0
Fixed assets:	1010	86298	78083	94398	153853	148094
initial value	1011	185007	188070	214983	288028	304773
accumulated depreciation	1012	98709	109987	120585	134175	156679
Investment property:	1015	1169	1158	1097	1767	2136
initial value	1016	1169	1515	1515	2628	3277
accumulated depreciation	1017	0	357	418	861	1141
Long-term biological assets:	1020	0	0	0	0	0
initial value	1021	0	0	0	0	0
accumulated depreciation	1022	0	0	0	0	0
Long-term financial investments:	1030	0	0	0	0	0
associated companies						
other financial investments	1035	0	0	0	0	0
Long-term trade accounts receivables	1040	306	50	193	100	70
Deferred tax assets	1045	0	0	0	0	0
Goodwill	1050	0	0	0	0	0
Deferred acquisition costs	1060	0	0	0	0	0
Outstanding balance in centralized insurance funds	1065	0	0	0	0	0
Other non-current assets	1090	0	0	0	0	0
Total Section I	1095	88666	80246	96624	156578	150974
II. Current assets						
Inventory	1100	81263	91574	107737	79229	115206
Raw materials	1101	0	61271	93132	62877	77275
Unfinished goods	1102	0	2141	1848	2665	1918
Finished goods	1103	0	27199	12033	13238	35678
Merchandise	1104	0	963	724	448	335
Current biological assets	1110	0	0	0	0	0
Reinsurance deposits	1115	0	0	0	0	0
Debt guarantees received	1120	0	0	0	0	0
Trade accounts receivables for goods and services	1125	54512	76705	88784	80652	72047

Other accounts receivables: on advances issued	1130	0	0	0	0	0
with tax authorities	1135	13444	2625	6442	514	879
including income tax	1136	0	0	0	0	0
on accrued income	1140	0	0	0	0	0
on internal settlements	1145	0	0	0	0	0
Other current receivables	1155	6048	5003	12211	19540	13404
Current financial investments	1160	0	0	0	0	0
Cash and their equivalents	1165	16145	48316	32880	46538	43314
Cash in tills	1166	0	0	0	0	0
Bank accounts	1167	0	0	0	0	0
Prepayments	1170	0	0	0	0	0
Reinsurer's share of insurance reserves	1180	0	0	0	0	0
including in: reserves for long-term liabilities	1181	0	0	0	0	0
loss provision of due payments	1182	0	0	0	0	0
unearned premium reserves	1183	0	0	0	0	0
other insurance reserves	1184	0	0	0	0	0
Other current assets	1190	243	36	49	0	0
Total Section II	1195	171655	224259	248103	226473	244850
III. Non-current assets held for sale and disposal groups	1200	0	0	0	0	2
Balance	1300	260321	304505	344727	383051	395826
Liabilities						
	Line code	For 31.12.14	For 31.12.15	For 31.12.16	For 31.12.17	For 31.12.18
I. Equity						
Share capital	1400	31827	31827	31827	31827	31827
Contributions to unregistered capital	1401	0	0	0	0	0
Revaluation reserves	1405	2733	2733	2733	2733	2733
Additional capital	1410	4737	4737	4831	4817	4797
Emission income	1411	0	0	0	0	0
Accumulated exchange differences	1412	0	0	0	0	0
Reserve capital	1415	8543	8543	8543	8543	8543
Retained earnings	1420	167317	211720	251425	289902	312374
Unpaid capital	1425	0	0	0	0	0
Capital withdrawn	1430	0	0	0	0	0
Other reserves	1435	0	0	0	0	0
Total Section I	1495	215157	259560	299359	337822	360274
II. Long-term liabilities						
Deferred tax liabilities	1500	0	0	0	0	0
Retirement obligations	1505	0	0	0	0	0
Long-term loans from banks	1510	0	0	0	0	0

Other long-term commitments	1515	22	0	0	0	2384
Long-term provision	1520	0	0	0	0	0
Long-term provision for labor costs	1521	0	0	0	0	0
Targeted funding	1525	0	0	0	0	0
Charity	1526	0	0	0	0	0
Insurance reserves, including:	1530	0	0	0	0	0
reserve of long-term liabilities; (At the beginning of the reporting period)	1531	0	0	0	0	0
loss reserve or reserve of due payments; (At the beginning of the reporting period)	1532	0	0	0	0	0
reserve of unearned premiums; (At the beginning of the reporting period)	1533	0	0	0	0	0
other insurance reserves; (At the beginning of the reporting period)	1534	0	0	0	0	0
Investment contracts;	1535	0	0	0	0	0
Prize Fund	1540	0	0	0	0	0
Jackpot payout reserve	1545	0	0	0	0	0
Total Section II	1595	22	0	0	0	2384
III. Current liabilities						
Short-term loans form banks	1600	0	0	0	0	0
Debt notes issued	1605	0	0	0	0	0
Current accounts payable:	1610	174	22			692
for long-term liabilities				0	0	
for goods, works, services	1615	34878	37527	37542	33868	23764
settlements with tax authorities	1620	4706	450	1152	4281	2332
including income tax	1621	0	0	0	0	0
insurance settlements	1625	1059	0	0	0	187
personnel expenses	1630	3447	4810	4004	4766	3366
advances received	1635	0	0	23	0	0
according to the settlements with shareholders	1640	0	0	0	0	0
internal settlements	1645	0	0	0	0	0
insurance activity	1650	0	0	0	0	0
Current collateral	1660	0	0	0	0	0
Deffered income	1665	0	0	0	0	0
Deferred commission income from reinsurers	1670	0	0	0	0	0
Other current liabilities	1690	878	2136	2647	2314	2827
Total Section III	1695	45142	44945	45368	45229	33168
IV. Liabilities related to non-current assets held for sale and disposal groups	1700	0	0	0	0	0
V. Net Asset Value of Non-State Pension Funds	1800	0	0	0	0	0
Balance	1900	260321	304505	344727	383051	395286

Appendice D

**Income Statement of PJSC “ZHYTOMYRSKI LASOSCHI”
during 2014-2018**

	Code	2014	2015	2016	2017	2018
Net income from sales of products (goods, works, services)	2000	393694	568070	627639	661401	565951
Net earned insurance premiums	2010	0	0	0	0	0
Premiums, gross amount	2011	0	0	0	0	0
Reinsurance premiums	2012	0	0	0	0	0
Change in unearned premium reserve, gross amount	2013	0	0	0	0	0
Change in the share of reinsurers in the reserve of unearned premiums	2014	0	0	0	0	0
Cost of sales (goods, works, services)	2050	-314183	-459602	-512966	-538909	-454368
Net losses incurred on insurance claims	2070	0	0	0	0	0
Gross profit	2090	79511	108468	114673	122492	111583
Gross: loss	2095	0	0	0	0	0
Income (expense) from changes in long-term liabilities reserves	2105	0	0	0	0	0
Income (expenses) from changes in other insurance reserves	2110	0	0	0	0	0
Change in other insurance reserves, gross amount	2111	0	0	0	0	0
Change in the share of reinsurers in other insurance reserves	2112	0	0	0	0	0
Other operating income	2120	45428	26142	10157	9700	9159
Income from change in the value of assets that are measured at fair value	2121	0	0	0	0	0
Income from initial recognition of biological assets and agricultural products	2122	0	0	0	0	0
Income from tax-exempt assets	2123	0	0	0	0	0
Administrative expenses	2130	-20808	-25289	-26254	-32094	-28361
Distribution expenses	2150	-26538	-33689	-38195	-43296	-46268
Other operating expenses	2180	-36530	-22041	-14774	-11057	-20624
Expenses on changes in the value of assets that are measured at fair value	2181	0	0	0	0	0
Expenses on initial recognition of biological assets and agricultural products	2182	0	0	0	0	0
Operating profit	2190	41063	53591	45607	45745	25489
Operating loss	2195	0	0	0	0	0

Income from participation in capital	2200	0	0	0	0	0
Other financial income	2220	17894	990	2728	1728	2403
Other income	2240	0	0	0	0	0
Income from charity	2241	0	0	0	0	0
Financial expenses	2250	-758	0	0	0	55
Losses from participation in capital	2255	0	0	0	0	0
Other expenses	2270	-21961	-35	-132	-2290	-207
Profit (loss) from the impact of inflation on monetary items	2275	0	0	0	0	0
Financial result before tax: profit	2290	36238	54546	48203	47142	27630
Financial result before tax: loss	2295	0	0	0	0	0
Income tax expense (income)	2300	-8362	-9504	-8498	-8665	-5158
Profit (loss) from discontinued operations after tax	2305	0	0	0	0	0
Net financial result: profit	2350	27876	45042	39705	38477	22472
Net financial result: loss	2355	0	0	0	0	0
II. COMPREHENSIVE INCOME						
Capture						
Revaluation (revaluation) of fixed assets	2400	0	0	0	0	0
Revaluation of financial instruments	2405	0	0	0	0	0
Accumulated exchange differences	2410	0	0	0	0	0
Share of other combined income of associates and joint ventures	2415	0	0	0	0	0
Other comprehensive income	2445	0	0	0	0	0
Other comprehensive income before tax	2450	0	0	0	0	0
Income tax related to other comprehensive income	2455	0	0	0	0	0
Other comprehensive income after tax	2460	0	0	0	0	0
Total income (the sum of lines 2350, 2355 and 2460)	2465	27876	45042	39705	38477	22472
III. ELEMENTS OF OPERATING EXPENSES						
Material costs	2500	280045	410605	457603	481936	402082
salary expenses	2505	43705	52287	54664	78936	79578
Deductions for social events	2510	16040	19189	11709	15812	15684
Amortization	2515	11640	11579	11034	14766	25475
Other operating expenses	2520	22711	32185	49434	49274	61799
Total	2550	374141	525845	584444	640724	584618
IV. CALCULATION OF SHARES INCOME INDICATORS						
Average annual number of ordinary	2600	2448194	2448194	2448194	2448194	2448194

shares						
Adjusted average annual number of ordinary shares	2605	2449194	2449194	2449194	2449194	2448194
Net profit (loss) per one ordinary share	2610	17.298	18.398	16.2181	15.7165	9.179010
Adjusted net income (loss) per common share	2615	17.298	18.398	16.2181	15.7165	15.716500
Dividends per one common share	2650	0	0	0	0	0

Kyiv National University of Trade and Economics
The Department of World Economy

SUMMARY
TO THE FINAL QUALIFYING PAPER
on the topic:
“INTERNATIONAL COMPETITIVENESS OF PRODUCTS OF
ENTERPRISES ON THE CONFECTIONERY MARKET”
(based on the data of PJSC “ZHYTOMYRSKI LASOSCHI”, Zhytomyr)

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Pugachevska Kateryna

Kyiv, 2019

The final qualifying paper consists of an introduction, three sections, general conclusions, references and applications. The study materials are presented on 57 sheets, in 23 tables, in 9 figures and in 4 appendices. The references contain 50 sources.

The object of the final qualifying paper is the process of ensuring the international competitiveness of the company's products on the confectionery market.

The subject of the final qualifying paper is theoretical and practical aspects of ensuring the international competitiveness of the enterprise products on the confectionery market.

The purpose of the final qualifying paper is to study the system of managing the competitiveness of products at the enterprise on the confectionery market.

Research methods. Research was carried out on the basis of general scientific methodical techniques; axiomatic (reliance on existing general theoretical propositions); methods of theoretical knowledge (characterization of the essence and basic principles of achievement of the international competitiveness by the enterprises); analysis and synthesis (research of factors of ensuring the competitiveness of the enterprise in the foreign market); comparison and generalization (analysis of financial and economic activity of the enterprise); methods of economic forecasting (carrying out an assessment of the effectiveness of measures to increase the competitiveness of the enterprise in the foreign market).

The introduction substantiates the relevance of the problem, the purpose and objectives of the research, the object and subject, as well as informational basis of the research.

In the first part "THE CURRENT STATE OF PJSC "ZHYTOMYRSKI LASOSCHI" the tendencies of confectionery industry development in Ukraine and in the world was analyzed. The assessment of financial and economic activity of PJSC "ZHYTOMYRSKI LASOSCHI" was conducted.

The second part "RESEARCH OF PRODUCTS INTERNATIONAL COMPETITIVENESS LEVEL OF PJSC "ZHYTOMYRSKI LASOSCHI" is devoted to

estimation of the level of competitiveness of PJSC “ZHYTOMYRSKI LASOSCHI”. On the basis of the PEST-analysis we analyzed the main factors of influence on the competitive situation on the company. The profile of the environment and SWOT-based analysis, capabilities matrix and threats to the activity of the company were conducted.

In the third part “IMPROVEMENT OF PJSC “ZHYTOMYRSKI LASOSCHI” COMPETITIVE POSITION ON FOREIGN MARKET” we suggested the main strategy of improvement competitive position, that is based on forming a joint venture with a Polish company as an instrument of increasing market share on the foreign market.

The conclusion of the final qualifying paper summarizes the final conclusions concerning the topic of the research.

АНОТАЦІЯ

Мельник Аліна Володимирівна

Міжнародна конкурентоспроможність продукції підприємств на ринку кондитерських виробів

Випускна кваліфікаційна робота на здобуття ступеня магістра за спеціальністю 051 «Економіка», спеціалізацією «Міжнародна економіка». Київський національний торговельно-економічний університет, 2019.

У випускній кваліфікаційній роботі проаналізовано міжнародний ринок кондитерських виробів та місце України в ньому. Проаналізовано показники фінансово-господарської діяльності ЗАТ «Житомирські Ласощі», проведено моніторинг зовнішнього середовища та оцінку міжнародної конкурентоспроможності продукції ЗАТ «Житомирські ласощі»; визначено резерви підвищення конкурентоспроможності продукції ЗАТ «Житомирські ласощі» на зовнішньому ринку; розглянуто заходи щодо підвищення конкурентоспроможності ЗАТ «Житомирські ласощі» на європейському ринку. Розраховано прогнозну оцінку ефективності запропонованих заходів на середньострокову перспективу.

Ключові слова : конкурентоспроможність продукції, конкурентна перевага, фактори конкурентоспроможності, управління міжнародною конкурентоспроможністю.

SUMMARY

Melnyk Alina Volodymyrivna

International Competitiveness of Products of Enterprises on the Confectionery Market

Final qualifying paper for the degree of Master of speciality 051 “Economy” specialization "International economics". Kyiv National University of Trade and Economics, 2019.

The final qualification paper analyzes the international confectionery market and Ukraine's place in it. The indicators of financial and economic activity of PJSC “ZHYTOMYRSKI LASOSCHI” were analyzed, environmental monitoring and assessment of international competitiveness of products of PJSC “ZHYTOMYRSKI LASOSCHI”; determined reserves for improving the competitiveness of the products of PJSC “ZHYTOMYRSKI LASOSCHI” on the foreign market; measures to increase the competitiveness of PJSC “ZHYTOMYRSKI LASOSCHI” in European markets are estimated. A mid-term estimate of the effectiveness of the proposed measures has been calculated.

Keywords: product competitiveness, competitive advantage, competitive factors, the international competitiveness management.