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FINAL QUALIFYING PAPER (PROJECT)

on the topic:

**«FEATURES OF FORMATION OF COMPETITIVE STRATEGIES OF
UKRAINIAN CORPORATIONS»
(based on the data of NPC Ukrenergo)**

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INTRODUCTION

The relevance of the topic is that corporations play a significant role in the global economy. The development of corporations in the country and the transformation of these companies into transnationals helps to increase the competitiveness of the country as a whole. However, for the effective functioning of the company and increasing of its profitability, an extremely important component is company's competitive strategy. Therefore, it will be useful to analyze the possibilities and features of formation of effective competitive strategies of Ukrainian corporations on the example of one of the companies.

Analysis of the level of development of the topic. The general theoretical and practical aspects of competitiveness assessment and development of competitive strategy are quite fully developed and covered in the scientific publications of many foreign and domestic scientists. In particular, the research of such scientists as Marcel Kordos and Sergej Vojtovic is focused on the analysis of how important role transnational corporations play within the current global economy and on finding the proper involvement of TNCs in international and national environment along with the possible risks and benefits for particular economies [29]. Rasheed Abdulwase, Farooq Ahmed, Fuad Nasr, Abdullah Abdulwase, Asma Alyousofi, and Shuangsheng Yan explored the relationship between the role of business strategy on creating a competitive advantage of the organization [1]. Khanenko A. studied and tried to find the ways of improving the methods of assessing the competitiveness of the enterprise [19]. Tarasova T.F., Snitko L.T., Matuzenko E.V., Meshechkina R.P., and Voishcheva O.S. examined the main theoretical and methodical approaches to the company's competitive strategy development and identified organization's competitive strategy development principles [42]. Sabadash V.V., Stauvermann P.J., and Peleshchenko R.O. identified the key strategic objectives of foreign economic activity for Ukrainian companies in order to increase their competitiveness in foreign markets [39].

However, despite the large number of research and development, the issue of forming a competitive strategy of the enterprise needs constant monitoring and

improvement. After all, nowadays the external environment of companies is constantly changing, competition is growing and the market is oversaturated with some goods and services. Therefore, it is very important for companies to continuously analyze their competitive advantages, opportunities and threats to their effective operation, as well as the implementation of modern strategies for further development.

The purpose of the final qualifying paper is to study the competitive strategies of Ukrainian corporations and to suggest measures for increasing the competitiveness of Ukrainian corporations on the basis of NPC Ukrenergo.

According to the purpose, the following objectives were set:

- To analyze the place and role of transnational corporations in the global economy;
- To study the methodology of formation of competitive strategies of transnational corporations;
- To research the external environment of NPC Ukrenergo;
- To estimate the level of competitiveness and competitive strategies of NPC Ukrenergo on the foreign market;
- To develop a complex of measure and competitive strategies to increase the competitiveness of the company;
- To assess the effectiveness of the proposed measure.

The object of the final qualification paper is the process of formation of competitive strategies of Ukrainian corporations.

The subject of the research is the theoretical and practical aspects of the functioning of Ukrainian corporations in the context of the formation of competitive strategies of NPC Ukrenergo.

Research methods. The scientific basis of the research was revealed from the scientific publications of domestic and foreign scholars. The study uses a complex of complementary methods of scientific identification of economic processes and phenomena: the system-structural, comparative and statistical analysis. The information base of the research is formed by statistical and analytical materials and informational and analytical collections, bulletins and reviews, made public by such sources as the

Organization for Economic Cooperation and Development, World Bank Group, European Bureau of Statistics, Ukrainian and foreign research centers, factual information provided by state authorities, a wide range of domestic and foreign literary sources, and results of own research.

The scientific novelty lies in the study, analysis and systematization of scientific works of domestic and foreign scientists and the application of key aspects for the practical part of the work.

The practical novelty lies in the development of complex of measures from Ukrainian company to increase its competitiveness on foreign market on the example of NPC Ukrenergo.

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Structure and volume of the final qualifying paper. The project consists of an introduction, three parts, general conclusions, references and appendices. The study materials are presented on 67 sheets, in 13 tables, in 2 figures and in 10 appendices. The list of used references contains 52 names.

In the first part we research the place and role of transnational corporations in the global economy and the methodology of formation of its competitive strategies.

In the second part we analyzed the external environment, competitiveness and competitive strategy of NPC Ukrenergo with the help of analysis of financial statement of the company, and its activity on the market. The summarized analysis was represented in the SWOT analysis.

In the third part we defined complex of measures for increasing the competitiveness of NPC Ukrenergo and made a forecast assessment of effectiveness of the proposed measures with the help of the method of expert assessments.

The conclusions and recommendations part provide a brief outline of the final qualifying paper.

PART 1

COMPETITIVE STRATEGIES OF TRANSNATIONAL CORPORATIONS IN THE CONTEXT OF GLOBALIZATION

1.1. Transnational corporations in the global economy

Transnational corporations are one of the most important subjects of the global economy. They are directly affecting new trends in international business, global competitiveness on international markets as well as economies of states and nations, and strengthen the interdependence of the world economic system [29, p. 150].

Transnational corporations have become the main force of market production and the international division of labor, the dominant factor in the world economy and international economic relations. Their ability to flexibly adapt the mechanism of investment activity, organizational methods and means to the changes taking place in the national and world economy, turned them into global economic structures that consider the world economy as a sphere of application of their capital. They have created powerful marketing systems and modern advertising tools that allow them to manipulate the tastes and preferences of consumers around the world.

Because of their economic and financial clout and their ability to influence the fiscal and social policies of states, transnational corporations are major actors on the world scene [29]. TNCs are among the world's largest economic institutions. Their annual sales are comparable to or exceed the annual gross domestic product of many countries. For example, Fortune's Global 500 list – a ranking of the world's largest companies by revenue – estimates that total revenue of the 500 world's biggest companies in 2020 was \$33.3 trillion [14].

Today, TNCs are the basis of the economic complex of countries with developed market economies. Despite the general certainty of the huge role and importance of transnational corporations in the world, there is no single approach among scholars to the term "transnational corporation".

For example, according to the official definition of the United Nations Conference

on Trade and Development (UNCTAD), a transnational corporation is an enterprise that controls assets of other entities in economies other than its home economy, usually by owning a certain equity capital stake [48].

In the Draft United Nations Code of Conduct on Transnational Corporations elaborated by the United Nations Commission on Transnational Corporations, the term "transnational corporations" means an enterprise, comprising entities in two or more countries, regardless of the legal form and fields of activity of these entities, which operates under a system of decision-making, permitting coherent policies and a common strategy through one or more decision-making centers, in which the entities are so linked, by ownership or otherwise, that one or more of them may be able to exercise a significant influence over the activities of others, and, in particular, to share knowledge, resources and responsibilities with the others [9].

Scientists also give different definitions of the term "transnational corporation". Systematization of existing definitions of the essence of transnational corporations is given in the table 1.1.

Table 1.1

Systematization of the definitions of the term "transnational corporation"

Source	Definition
Rugman A.M.	Transnational companies are businesses that produce and sell their products in more than one country and create added value. Usually they consist of a parent company located in the country of origin of the company (in home country) and at least five branches located in so-called host country, e.g. of foreign affiliates.
Zak S.	A transnational company is considered to be a company that conducts research, production, sales respectively other activities in different countries, not just where it has its headquarters.
Ohrimenko O.O., Silvestrova D.D.	Transnational corporations are firms, whose parent companies are located in one country and branches and subsidiaries in another, in order to optimize all the necessary resources to increase overall profits and increase the impact on the economies of the world. These are global companies whose activities are constantly expanding and interpreting, depending on changes in market conditions, integrating their production into the world market.
Kachur A.V., Mogilko D.M.	Transnational corporation is a large-scale association that uses an international approach in its activities, provides for the formation and effective development of an international production, sales, trade and financial complex with a single decision center in the home country, as well as branches, representative offices and subsidiaries in other countries.

Source: created by the author on the basis of [18, 29].

All the above definitions complement each other and are united around the characteristics of TNCs. Thus, TNCs are an integrated structure that pursues a single policy through one or more decision-making centers for subordinate enterprises (branches, representative offices, subsidiaries) of any organizational and legal forms (private, public, mixed) on the basis of scientific and technical, production and commercial cooperation in order to obtain the most favorable conditions for economic activity, which, in turn, leads to maximizing the company's profits, improving its efficiency and increasing the economic impact of the company on the national economic systems of the world.

Colonial development in the New World led to the creation of the first prototypes of TNCs in the 16th–17th centuries. For example, the British East India Company, founded in 1600 in order to "develop" Indian resources, acted until 1858 with investors from across Europe, including English businessmen, merchants from Holland and German bankers. Such colonial companies dealt primarily in trade, not production, and therefore did not play a significant role in the development of the economic system. In the end, these companies were just precursors to "real" TNCs, which came into existence at the end of the 19th century.

Transnational corporations have several stages of their development. And that is why five TNC generations are usually defined in the literature. The evolution of TNC development is shown in the table 1.2.

Table 1.2

Generations of TNCs and its features

Generation and period	Features of functioning and sphere of activity
First: end of the 19th century – the beginning of the First World War	The first TNC generation was primarily involved in extraction of raw materials in colonial countries of Asia, Africa, and Latin America, as well as processing these raw materials within the states of their parent companies. Entities of transnationalization during that period usually included consolidation of companies of different countries (international cartels) which shared market outlets, carried out coordinated pricing policy etc.
Second: between the two World Wars	TNCs of this generation were engaged in production of military equipment and weaponry for the leading European countries as well as for the USA and Japan. During this period the investment pattern was gradually changing: countries of the Western Europe lost their position of creditors and exporters of capital.

Continuation of the table 1.2

Generation and period	Features of functioning and sphere of activity
Third: 1945 – 1960s	This period was connected with an increasing role of foreign production divisions, which specialized predominantly on production of the products which had been earlier produced in the parent country of the respective TNC. With a course of time TNCs' branches crossed over to servicing the local demand and local markets. "Transnational corporations" became a significant concept in the 1960s. Starting from the 1960-s the rapid increase of TNC number and importance was taking place under the influence of the scientific and technical revolution. While operating at that time, TNC was primarily involved in areas such as nuclear power, electronics, tool engineering, and space exploration.
Fourth: 1970s – 1990s	The fourth generation of TNCs was formed in conditions of accelerated scientific and technical progress and actively developing world economic relations conditioned by an increasing level of competition in the world market. Development of transport communications and information communications contributed to implementation of these opportunities. The process of production could be painlessly divided and separate technological processes could be located in those countries where national factors of production were cheaper. As a result of many takeovers, capital and production have been concentrated among TNC leaders during this phase.
Fifth: beginning of the 21 st century	The fifth generation of TNCs started its formation in conditions of accelerated economic integration processes. TNCs of the fifth generation have been identified as the main creators and diffusers of scientific ideas and concepts in the modern science and technology industries. The main feature of TNC development is the creation of production and sales networks on a global scale. The number of foreign TNC branches is increasing much quicker than the number of TNCs themselves. Transnational corporations actively make foreign direct investments in foreign branches, share technologies and thus increase the technological level of foreign branches and promote the development of a particular sector of the economy and increase its competitiveness.

Source: created by the author on the basis of [17].

A study of the evolution of TNCs has shown that in the process of industrial development in the international market environment, competition gradually acquires new characteristics and changes its vector from the predominant use of comparative national advantages to the use of dynamically changing competitive advantages based on scientific and technical achievements, innovations at all stages: from the creation of the product to its promotion from producer to consumer. And globalization processes are clearly traced through the generations of development of transnational corporations.

Nowadays, there are many transnational corporations from different countries

working in different fields. The top 5 transnational corporations by revenue, according to Fortune's Global 500 ranking, are listed in the table 1.3.

Table 1.3

The Top 5 TNCs by revenue (\$M) during 2016-2020

2016	2017	2018	2019	2020
Walmart (USA) 482,130	Walmart (USA) 485,873	Walmart (USA) 500,343	Walmart (USA) 514,405	Walmart (USA) 523,964
State Grid (China) 329,601	State Grid (China) 315,199	State Grid (China) 348,903	Sinopec Group (China) 414,649	Sinopec Group (China) 407,009
China National Petroleum (China) 299,271	Sinopec Group (China) 267,518	Sinopec Group (China) 326,953	Royal Dutch Shell (Netherlands) 396,556	State Grid (China) 383,906
Sinopec Group (China) 294,344	China National Petroleum (China) 262,573	China National Petroleum (China) 326,008	China National Petroleum (China) 392,976	China National Petroleum (China) 379,130
Royal Dutch Shell (Netherlands) 272,156	Toyota Motor (Japan) 254,694	Royal Dutch Shell (Netherlands) 311,870	State Grid (China) 387,056	Royal Dutch Shell (Netherlands) 352,106

Source: created by the author on the basis of [14].

As we can see, for 5 years the rating was headed by almost the same corporations. The first place all these years was headed by the Walmart company. State Grid also held high positions (second place during 2016-2018 years, fifth in 2019 and third in 2020). These are companies whose countries of origin are the United States and China, respectively. Today, the largest number of transnational corporations originate from these two countries.

The development and operation of transnational corporations has its advantages and disadvantages for both host countries and countries of origin. The advantages of transnational corporations include:

- TNCs create jobs that meet or exceed local expectations;
- TNCs improve the consumer experience because they naturally enforce minimum quality standards on the goods and services that they make available;
- TNCs help in improving the infrastructure;
- TNCs boost business activities in a certain country and this contributes to the

economic growth of the country;

- TNCs offer reliable job opportunities and stable income to those working with the corporation;
- Working with employees at different levels of education helps in improving education and the skills of the employees;
- TNCs inspire innovations;
- TNCs large profits are consumed for development and research;
- A lot of research and development leads to improved products.

As for the disadvantages of transnational corporations, they include the following:

- TNCs may decide to move its operation from one country to another where there are cheap labor and low production;
- TNCs are criticized for massive environmental degradation;
- Sometimes, the minimum wage rate for the workers is very low compared to the work done and the amount of time spend, especially in the developing countries;
- TNCs operations in a certain country are transnational and this can make them evade paying full taxes in countries where they operate;
- TNCs products are consumed worldwide and this may affect the taste of locally produced goods and culture;
- The market dominance of the corporation makes it difficult for local small-scale businesses to succeed.

As was already mentioned, there are many transnational corporations in the modern world. In order to have a high income and not lose their position, companies need to monitor not only their efficiency, but also many other factors. For example, for a modern consumer a very important factor is the company's social responsibility and its attitude to the environment.

Therefore, it is extremely important for transnational corporations to choose a quality competitive strategy and adhere to it for effective and sustainable development of the company.

1.2. Methodology of formation of competitive strategies of transnational corporations

There are many different interpretations of the term “competitiveness” in domestic and foreign literature. International organizations also give different interpretations of this term.

For example, according to the OECD’s interpretation, competitiveness is a measure of a country's advantage or disadvantage in selling its products in international markets. OECD also defines competitiveness as the ability of a country (region, location) to deliver the beyond-GDP goals for its citizens today and tomorrow [36].

European Union defines a competitiveness as a pre-requisite in achieving the goals of a smart, sustainable and inclusive economy, delivering high levels of employment, productivity and social cohesion [11]. One of the EU's key political priorities is competitive economy which is defined as an economy with a sustained high rate of productivity growth.

According to the UNCTAD [47], national competitiveness basically involves building public-private partnerships for the purpose of promoting exports and economic development.

The World Economic Forum treats competitiveness as the set of institutions, policies, and factors that determine the level of productivity of a country, which, in turn, sets the sustainable level of prosperity that can be earned by an economy. The productivity level also determines the rates of return obtained by investments in an economy, which in turn are the fundamental drivers of its growth rates. In other words, a more competitive economy is one that is likely to grow faster over time [44].

The World Economic Forum also defines 12 pillars of national competitiveness such as: Institutions, Infrastructure, ICT adoption, Macroeconomic stability, Health, Skills, Product market, Labor market, Financial system, Market size, Business dynamism, and Innovation capability. All of these pillars are in dependence, they tend to reinforce each other and a weakness in one area often has a negative impact in others [44].

The above-mentioned analysis of the definitions of the category "competitiveness"

allows us to determine that company's competitiveness is its ability (now and in the future) to form and effectively use a set of skills and knowledge in order to create an attractive product for consumers, outrunning existing and potential competitors. In other words, the competitiveness is the company's ability to create and sell goods and services at prices, quality, and other characteristics that are more attractive to consumers than the corresponding characteristics offered by the competitors.

Nowadays, when there are many different companies in international markets that offer a wide range of goods and services, the competition is quite high, and for many companies it is quite difficult to go out and stay in the international market.

To build a successful business in such a competitive environment, a company should thoroughly analyze the strengths and weaknesses of its competitors, consider possible threats of the external environment, and explore the needs, problems and preferences of its potential customers to cope with this task. And, of course, every company needs a successful and effective competitive strategy that will help it stay in the market and achieve long-term development goals.

A competitive strategy may be defined as a long-term plan of action, developed by the company in order to achieve a competitive advantage over its competitors after examining the strengths and weaknesses of the latter and comparing them to its own. The strategy may include actions to counter competitive pressure in the market, attract customers and help strengthen the company's position in the market.

Harvard professor Michael Porter coined the phrase "generic competitive strategy" in his book, *Competitive Advantage: Creating and Sustaining Superior Performance*. Since the writing of his book, the phrase has become known in business circles as one of the primary methods of business planning and strategizing for businesses across all industries. The Generic Competitive Strategy (GCS) is a methodology designed to provide companies with a strategic plan to compete and gain an advantage within the marketplace [28].

According to Porter, the company can use its strengths to position itself in a competitive environment. The strengths of a company can be classified into two categories: cost advantages or differentiation advantages. Within these two categories,

there are two options for the scope of the company: broad and narrow. As a result, there are three competitive strategies that can be applied in any industry or business.

GCS is based on three generic strategies: cost leadership, differentiation, and focus. Each strategy has a different mechanism for reaching success. Companies within the same industry may not choose the same strategy – it is a choice that must be made with the company's management, based on the desired outcome for success and the company's strengths. Each strategy has unique components that shape the company [28].

If a firm is targeting customers in most or all segments of an industry based on offering the lowest price, it is following a cost leadership strategy. The goal of a cost leadership strategy is to gain a competitive advantage by manufacturing quality products at much lower cost. Cost leadership is usually achieved through high productivity, lower administrative and marketing costs. In a cost leadership strategy, the concentration is on acquiring quality raw materials at the lowest price and using the best labor in order to create a valuable product for the consumer. Thus, this strategy is especially beneficial if the market is one where price is an important factor.

If a firm is targeting customers in most or all segments based on attributes other than price (for example, via higher product quality or service), it is pursuing a differentiation strategy. This strategy aims at developing a competitive advantage by producing a unique product or service – i.e. a product or service that is somewhat different from what competitors offer. The company can produce a unique product by adding innovative features, providing a high-quality product or increasing its functionality. For this, a company may have to spend a lot of money for research and development, so the uniqueness of the product must only be a feature that a customer is willing to pay a premium price for. A company that focuses on differentiation may be disappointed to realize that their market share is constantly changing and has many risks. But a successful differentiation strategy can reduce price sensitivity and improve brand loyalty from customers.

If a firm is focusing on one or a few segments, it is following a focus strategy. A company can adopt a focus strategy in the case when focusing on a specific market segment is more efficient and profitable for it. This strategy involves the adaptation of

goods and services for specific segments of consumers while excluding other segments. Due to the fact that the company that chooses a focus strategy deals exclusively with its customer base, there is a development a loyal relationship, which in the future can generate sales and profits. There are two variants of the focus strategy. In cost focus, the aim of the business is to have an advantage over its competitors with respect to cost in its target segment. A differentiation focus strategy identifies the special needs of consumers in specific segments and seeks differentiation by marketing its product as unique in certain respects.

Of course, there are many types of competitive strategies, both traditional and innovative. However, Porter's three aforementioned strategies are considered fundamental to competition.

When expanding their business abroad, transnational corporations choose one of three main international strategies: multidomestic, global and transnational. These strategies differ in their emphasis on achieving global efficiency and responding to local needs.

A company that uses the multidomestic strategy focuses more on the needs of the local market, its responsiveness, preferences, and demands in a specific region. Such companies also invest in foreign countries, but their main emphasis is on customers and their needs. These companies sacrifice global efficiency and integration to achieve higher local responsiveness. A perfect example is Nestle, which uses a specific sales approach and marketing for every market it operates in and adapts different products for each market according to consumer preferences. Similarly, food company H. J. Heinz adapts its products to match local preferences. In response to certain Indians' unwillingness to consume garlic and onion, Heinz makes a version of its signature ketchup that excludes these two ingredients.

A firm using a global strategy prioritize global integration. Such a company is concerned with going global and covering as many nations as possible. Such a firm won't differentiate its products and services in different regions, because to such a company local responsiveness is not much of a priority. A company that follows this strategy offers the same service, product, and marketing strategy throughout all regions and countries it

touches. It is possible for products and services to be modified slightly for different markets, but with a global strategy it is important to gain economies of scale by offering essentially the same products or services throughout. Microsoft, for example, makes its software available worldwide, but adapts the programs to local languages. Also, firms such as Intel that manufacture silicon chips are good examples of companies that can benefit greatly from global strategies, because these firms are not influenced by local preferences.

A firm using a transnational strategy strives to strike a balance between a multidomestic strategy and a global strategy. A firm of this kind balances the desire for efficiency with the need to adjust to local preferences within various countries. For example, large fast food chains such as McDonald's and KFC rely on the same brands and the same main menu items around the world. These companies also make concessions to local tastes. In France, for example, wine can be bought at McDonald's.

The competitive strategy is certain set of actions, a program of realization of the basic directions of company's development on the basis of formation of its long-term goals, and the choice of the most effective ways of their achievement for effective use of company's potential in changing environmental conditions.

The main stages in the process of the competitive strategy development are the following:

1. Determining the position of the enterprise on the market. Competitive strategy is developed in the context of company's position on the market. It depends on company's reputation, age, customer loyalty and other determinants.
2. Identification of the strategic goal of the organization. Every company needs to have its own vision, mission and goals. Because a company's success depends on having a solid vision for the future and doing everything in order to achieve its goals.
3. Research of internal and external factors, target markets and competitive environment. Research is perhaps the most important step towards achieving a sustainable competitive advantage. It offers a firm the opportunity to understand how it is, or could be, different from competitors in ways that are meaningful to firm's potential clients.

There are two types of research of relevance here. The first is research on firm's

target markets. This allows to better understand their needs and identify their desires. The data obtained will help to understand what is an advantage to this audience. A well-designed study can also help to choose among possible target markets.

The second type of research addresses firm's competitive environment. For example, Michael Porter defines so called Porter's five forces analysis that is a framework that attempts to analyze the level of competition within an industry and business strategy development. Porter's five forces include - three forces from 'horizontal' competition: the threat of substitute products or services, the threat of established rivals, and the threat of new entrants; and two forces from 'vertical' competition: the bargaining power of suppliers and the bargaining power of customers [13].

4. Identifying current or potential sources of competitive advantage. When a company has a clear view of its strength and weaknesses, knows about its consumers and competitors and has its own vision and goals, it is time to identify what are the source of its competitive advantage. In fact, competitive advantage is one of the crucial factors that distinguish a successful company from an unsuccessful one. The most common sources of competitive advantage are: high product quality, low price, high-level service, improved technology and innovation, strong research and development capabilities, low cost or high-volume production and others.

5. Selection of the key competitive strategy.

6. Develop an implementation plan. For businesses, an implementation plan plays a crucial role in the development and execution of an idea, project, methodology, or strategy. The goal of the implementation plan is to effectively implement company strategy and lay down the step-by-step process of bringing the project to success.

Thus, we can conclude that to achieve high competitiveness and efficiency of the company, it is necessary to develop a comprehensive mechanism of step-by-step actions, which will help confidently move towards the goals and meet the necessary targets in both long and short terms. However, it should be remembered that the competitive strategy requires constant review, adjustment and restructuring in order to develop internal competencies and prevent changes in the external environment.

Conclusions to the part 1

Transnational corporations are extremely important players in the international market for goods and services. They have a fairly large impact on the development of the world economy, states and other enterprises. The number of multinational corporations is growing, but today there are many large TNCs that prevent other companies from entering the international market. Most multinational corporations come from the United States and China. These countries receive extremely large profits due to the development of TNCs. Therefore, other companies need to have a quality and effective competitiveness strategy to enter the international market.

Competitive strategy involves the development of a detailed action plan for further development of the company. Competitive strategy should determine both short-term and long-term step-by-step actions that will ultimately lead the company to the ultimate goal and allow it not only to enter the international market, but also to maintain a competitive position that will contribute to high income and further development.

PART 2

ANALYSIS OF THE COMPETITIVE STRATEGIES OF NPC UKRENERGO ON THE FOREIGN MARKET

2.1. Monitoring of the external environment of NPC Ukrenergo

National Power Company Ukrenergo is a private joint stock company with 100% state-owned shares, managed by the Ministry of Energy of Ukraine. Ukrenergo is the transmission system operator of Ukraine with the functions of operational and technological control of the Integrated Power System of Ukraine (IPS), electricity transmission via trunk power grids from generation to distribution networks, as well as metering and settlement administrator for the Ukrainian electricity market. The company has above 7 thousand employees [32]. General information about the company is shown in the table 2.1.

Table 2.1

General information on NPC Ukrenergo

Legal entity's full name	PRIVATE JOINT STOCK COMPANY NATIONAL POWER COMPANY UKRENERGO
Short name	NPC "UKRENERGO"
Legal entity status	Not in the process of dissolution
Date of registration	10.08.1998 (23 years 2 months)
The size of the authorized capital	37 160 209 000.00 UAH
Type of business entity	Joint-stock company
Form of ownership	Not state-owned property
Activities	Main: 35.12 Transmission of electricity Other: 27.12 Manufacture of electricity distribution and control apparatus 85.32 Technical and vocational secondary education 49.39 Other passenger land transport n.e.c. 49.41 Freight transport by road 56.29 Other food service activities 61.10 Wired telecommunications activities 68.20 Rental and operating of own or leased real estate
Location of the legal entity:	Ukraine, 01032, Kyiv, Symona Petliury Street, 25

Source: created by the author on the basis of [51].

Ukrenergo is one of the top Eastern European transmission system operators in terms of efficiency, reliability, energy security level and technological development. The company is synchronously interconnected with ENTSO-E Continental Europe. It also serves as a platform for implementation of new technologies in the power sector, such as smart grid, demand response, V2G etc.

Mission of the company is the creation of conditions for the sustainable development of the Ukrainian economy by means of ensuring the functioning of a competitive, transparent and liberal electricity market, single with the EU countries, and providing equal opportunities to all market participants, including renewable energy sources, regarding unrestricted continuous access to the transmission system [32].

NPC Ukrenergo's organisational structure is based on the regional principle and consists of 4 territorial administrations (Northern, Southern, Eastern and Western) which include 15 regional grid maintenance centres (RGMC). There are 6 regional dispatch centres (RDC) performing dispatch control functions. There are also two specialized separated subdivisions: Budivnytstvo i remont (Construction and Repair) and Ukrenergoservice responsible for logistical and service support of Ukrenergo [32].

Key documents that regulate activities of NPC Ukrenergo and define the principles of the Company in certain areas of its activities are [32]:

1. Ukrenergo's charter defines the state form of ownership of the enterprise, the scope of its activity, methods of management and control, the procedure for reorganization of the enterprise and other positions governing the company's activities. The company's charter is approved by the Ministry of Finance of Ukraine and reconciled by the Chairman of the primary trade union organization of Ukrenergo. The Company charter was being amended since the creation of the Company.

2. Corporate Governance Code was endorsed by the Ministry of Finance in accordance with the National Code of Corporate Governance of Ukraine approved by the National Commission on Securities and Stock Market in 2020. The corporate governance standards implemented in the Code are applied in national and international practice and comply with the Corporate Governance Guidelines of the Organization for Economic Cooperation and Development (OECD), the current legislation of Ukraine, and generally

accepted standards of ethical conduct. They are implemented to increase the transparency and expedite the decision-making process in the Company, facilitate its strategic development and investment efficiency, protect the national economic interests and focus on people who are the main asset of the enterprise.

3. Information policy of NPC "Ukrenergo". Main goal of the Regulation on Information policy of NPC "SE «NPC «Ukrenergo» amounts to creation of the public, transparent and open European transmission system operator, which operation meets the best international practices of the corporate business as well as the principles of the EU legislation, in particular, of EU's "Third Energy Package".

4. Corporate Social Responsibility Policy of the NPC "Ukrenergo". It is a strategic area of activity of NPC Ukrenergo, which provides for fair treatment of its employees, safe working conditions, environment care and transparent interaction with communities.

5. The Investment Program is one of Ukrenergo's most important documents. The purpose of the Investment Program is to substantiate planned expenditures allocated for capital investments in construction, reconstruction and modernization of energy facilities, purchase of tangible and intangible assets, and/or repayment of loans, payments under financial lease agreements and settlement of other liabilities. Ukrenergo's Investment Program is developed on the annual basis and approved by the National Commission of Ukraine for Regulation of Energy and Utilities Sectors.

Ukrenergo ensures:

- the power system balance between production and consumption of electricity and capacity in real time;
- the operation and development of trunk and interstate power grids;
- the operation of the Ukrainian power system in parallel with the power systems of neighbouring countries;
- the technical possibility of export or import of electricity to four European Union member states and to neighbouring countries.

In order to enhance power grid reliability and efficiency, Ukrenergo builds new substations and transmission lines and rehabilitates existing ones, as well as integrating

renewable energy sources into the power system, ensuring additional nuclear generating capacity, and providing technical compliance with the standards and requirements of ENTSO-E.

Ukrenergo raises credit funds for its largest and most resource-intensive projects from the World Bank, the European Bank for Reconstruction and Development, the European Investment Bank and the German KfW Group. The loan portfolio of Ukrenergo amounts to 1.4 billion euros [32].

In Ukrenergo, the full compliance function is implemented according to the standards of the Organisation for Economic Co-operation and Development (OECD). As of today, compliance is an effective risk management tool designed to prevent and minimize corruption risks, conflict of interest, non-conformity with the standards or breach of legislation.

On April 13, 2017, the Verkhovna Rada of Ukraine adopted the Law of Ukraine “On Electricity Market” [34]. The purpose of the new electricity market is to introduce competitive mechanisms for the electricity market functioning, ensure the free choice of counterparties and the consumer’s right to choose a supplier of electricity freely. The Law provides for various mechanisms for the purchase and sale of electricity, namely bilateral agreements, a day-ahead market and an intraday market. Adoption of the Law is a prerequisite for structural changes in the Ukrainian electricity sector and constitutes a basis for the industry’s modernization and the integration of Ukraine’s electricity market into regional energy markets, with the subsequent coupling with the pan-European energy market.

Ukrenergo is an open and transparent company operating in accordance with Ukrainian law and rules and requirements of its international partners. The Company’s economic and technical policy is aimed at efficient use of human and production potential, enhancing energy security, development of innovative processes and maintaining the Company’s financial strength. All public information and indicators of various aspects of Company’s activity are disclosed, in great detail and in a comprehensible form, in the Company’s financial, economic, auditor’s and technical reports regularly published on its website. In addition, every year an annual presentation

report offering consolidated information regarding the Company's activity and performance results is issued. Relations between Ukrenergo and different public authorities are shown in the table 2.2.

Table 2.2

Relations between NPC Ukrenergo and Public Authorities

Public authority	Relations with NPC Ukrenergo
Minister of Finance of Ukraine	<ul style="list-style-type: none"> – Management body of Ukrenergo starting from February 2019. – Approves financial, investment plans, and strategic development plans of Ukrenergo, which are developed and coordinated by the company's Supervisory Board. – Ukrenergo provides quarterly information on financial plans and reports, as well as explanatory notes on the results of its activities. An annual report is prepared at the end of the year.
Cabinet of Ministers of Ukraine	<ul style="list-style-type: none"> – Ukrenergo provides information on the implementation of the company's financial plan.
Ministry of Energy	<ul style="list-style-type: none"> – Ukrenergo provides information on the status of implementation of measures defined in the Action Plan for the implementation of the Energy Strategy of Ukraine to 2035, together with proposals for their revision, indicators and deadlines. – Ukrenergo reports on key performance indicators of the United power system of Ukraine. – Ukrenergo provides information regarding its investment program.
The National Commission for State Regulation of Energy and Public Utilities	<ul style="list-style-type: none"> – Ukrenergo provides the information necessary for setting tariffs and participating in investment programs, as well as for licensing. Ukrenergo also submits reports on regime restrictions and network readiness. – According to the Law of Ukraine "On the Electricity Market", Ukrenergo is obliged to provide the information necessary for the development of market rules and the Transmission System Code, as well as for commercial accounting.
State Property Fund of Ukraine	<ul style="list-style-type: none"> – Ukrenergo provides information and reports as needed (including on the value of assets).
National Commission on Securities and Stock Market	<ul style="list-style-type: none"> – As a result of corporatization, Ukrenergo has entered the sphere of supervision of the NCSCM, which will be responsible for setting requirements for the issue and circulation of shares, their registration and cancellation, development of an issue prospectus and collection of relevant information.

Source: created by the author on the basis of [32].

Connection with power systems of other countries is maintained via Ukrenergo's interstate power transmission lines. It helps ensure mutually-beneficial electricity exchange, and improve reliability of electricity supply to consumers and integration of

electricity markets of various countries.

Geographical location and the existence of high-capacity interstate power transmission lines in the Power System of Ukraine allows to facilitate significant exchange of electricity with power systems of European Union member states (Hungary, Slovakia, Poland and Romania) and power systems of CIS states (Russia, Belarus, Moldova).

The Power System of Ukraine is divided into two parts. The main part of the Power System of Ukraine operates simultaneously with power systems of CIS and Baltic states, and the other part – Burshtynska TPP Island – as part of ENTSO-E.

NPC Ukrenergo imports and exports electricity from above-mentioned countries. Geographical structure of the volume of electricity imported to the Power System of Ukraine in 2020 is shown on the figure 2.1.

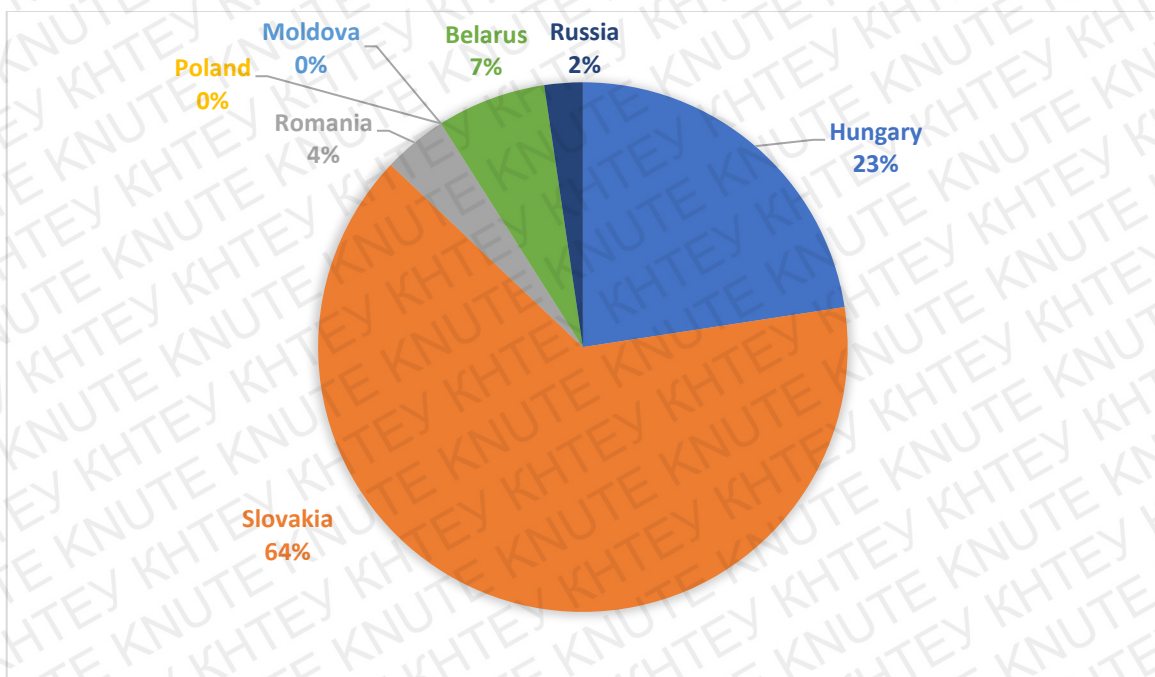


Figure 2.1. Geographical structure of the volume of electricity imported to the Power System of Ukraine in 2020

Source: created by the author on the basis of [32].

As we can see, in 2020 the biggest volume of electricity was imported from Slovakia (64%) and Hungary (23%). From Poland and Moldova there was no imported electricity at all.

As for the export, its geographical structure is shown on the figure 2.2.

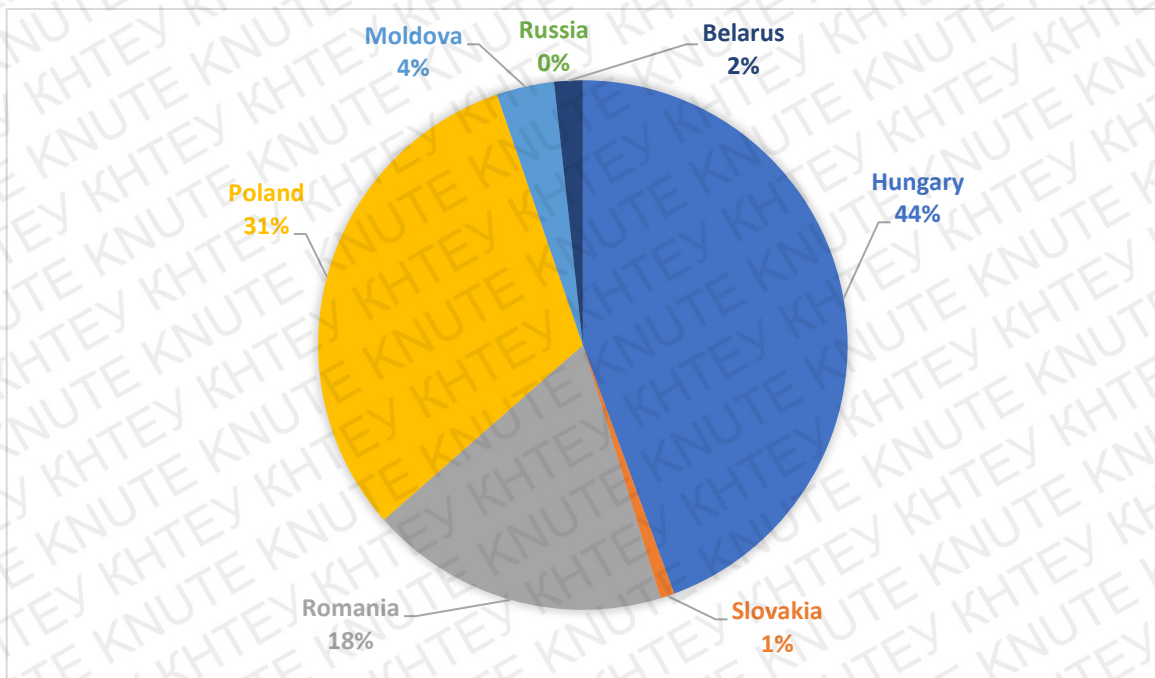


Figure 2.2. Geographical structure of the volume of electricity exported from the Power System of Ukraine in 2020

Source: created by the author on the basis of [32].

As we can see, we have different situation with export volumes. In 2020 the biggest volume of electricity was exported to Hungary (44%), Poland (31%) and Romania (18%). And there was no export to Russia.

Thus, we can conclude that Ukrenergo cooperates more with European countries than with CIS countries. In 2020, 91% of electricity was imported from European countries, while only 9% was imported from the CIS countries. The situation is similar with exports. In 2020, Ukrenergo exported 94% of electricity to European countries, and only 6% to the CIS countries. This indicates that the company focuses more on European countries, which contributes to the integration of Ukraine into the European Union. Ukrenergo has actively working on a strategic goal – integration of the IPS of Ukraine into the European Network of Transmission System Operators for Electricity, ENTSO-E.

Simultaneous operation of the Power System of Ukraine as part of high-capacity power systems allows to boost its reliability and reduce the aggregate amount of emergency reserve required for its functioning.

In addition to the geographical structure, we can also estimate the total volume of exports and imports of electricity with the Power System of Ukraine and calculate the

absolute and relative growth rate (table 2.2).

Table 2.3

Volume of electricity exported/imported from/to the Power System of Ukraine during 2016-2020, millions kWh

Indicators	2016	2017	2018	2019	2020
Export	4016,860	5166,348	6165,674	6469,290	4754,057
Absolute growth rate	-	1149,488	999,326	303,616	-1715,233
Relative growth rate, %	-	28,62	19,34	4,92	-26,51
Import	76,859	48,043	30,678	2698,552	2284,883
Absolute growth rate	-	-28,816	-17,365	2667,874	-413,669
Relative growth rate, %	-	-37,49	-36,14	8696,38	-15,33
Export-to-import ratio	52,26	107,54	200,98	2,40	2,08

Source: created by the author on the basis of [32].

As we can see, over the past five years, exports have tended to increase. As for imports, on the contrary, it decreased. In 2020, there was a decrease in both exports and imports. This is due to the coronavirus pandemic and the reduction in total electricity consumption. As for the export-import ratio, for 5 years it remained at a level of more than 1, which means that electricity exports were higher than its imports.

It will also be useful to analyze the production and consumption of electricity in Ukraine and other countries. Demand for energy and electricity, in particular, is growing across many countries in the world, as people get richer and populations increase. Electricity production directly depends on its consumption. After all, the greater the demand for electricity is, the greater is its production.

World primary energy consumption has increased by 167,687 terawatt-hours since 1800 (from 5653 TWh in 1800 to 173,340 TWh in 2019) (Appendix A). From this we can conclude that electricity consumption also grew rapidly during this period, as electricity is an integral part of energy as a whole. Most of the energy during this period was produced from coal, oil and gas. However, in recent years, the use of renewable sources such as water, wind, sun and other renewables has increased. This is a very good

trend, because the use of renewable sources saves natural resources and does not pollute the environment. In addition, a good trend is the increase in the percentage of electricity in total energy consumption (Appendix B). This means an increasing share of electricity use in industry, residential and services sectors, and more recently, a start in the road transport sector with the development of electric vehicles. As for the Ukraine, its indicators are shown in the table 2.4.

Table 2.4

Production and consumption of electricity during 2014-2020, TWh

	2014	2015	2016	2017	2018	2019	2020	Absolute Change	Relative Change
Production									
Ukraine	183	164	165	156	160	152	143	-40	-21,9%
Europe	3752	3814	3853	3901	3901	3849	3717	-35	-0,9%
CIS	1532	1517	1546	1554	1593	1599	1557	25	+1,6%
Consumption									
Ukraine	134	124	124	121	122	120	116	-18	-13,4%
Europe	3258	3315	3363	3405	3419	3385	3253	-5	-0,2%
CIS	1236	1231	1253	1271	1309	1316	1291	55	+4,4%

Source: created by the author on the basis of [37].

As we can see, during the last seven years, production and consumption of electricity remained almost at the same level. As we can see, electricity production and consumption remained almost at the same level. In absolute and relative terms, there is a decline (-21.9% in production and -13.4% in consumption), but this is due to the coronavirus pandemic and lockdowns. The same trend is observed in European countries (-0.9% in production and -0.2% in consumption). However, the CIS countries have an increase in both electricity production and consumption (+1.6% and +4.4%, respectively).

For the Ukrenergo, the reduction in electricity consumption is not critical, as the situation is now beginning to improve as countries try to avoid lockdowns and industry, and therefore electricity consumption is gradually recovering.

It can be concluded that the external environment of the NPC Ukrenergo has enough opportunities for development of the company and is quite favorable. But in addition to the external environment, the financial condition of the company and the strategies it uses for its development and promotion are very important.

2.2 Assessment of competitiveness and competitive strategies of NPC Ukrenergo on the foreign market

Competitiveness is an integral and very important component of any company. NPC Ukrenergo is a state-owned company that transports electricity to and from the country. Therefore, it has no direct competitors within the country. However, the efficiency and competitiveness of this enterprise in the international market is extremely important for Ukraine as a whole.

In the framework of the online seminar "Financial Sustainability and Transparency of State-Owned Enterprises of Ukraine" held in Ukrinform, experts assessed the most and least transparent and efficient state-owned enterprises of Ukraine.

According to the methodology of the transparency ranking, transparency of state-owned enterprises is evaluated by 60 criteria, which are divided into 6 key areas, each of which has its own weight: transparency and access to information (30%), economic indicators (20%), public procurement and property (20%), human resources policy (10%), ethics and conflict of interest (10%), grants and charity policy (10%). Overall ranking of a company ranges from 0% to 100%.

Thus, the rating of the most transparent state-owned enterprises of Ukraine in 2021 was headed by the National Energy Company "Ukrenergo" – transparency of 82%, second place for PJSC "Ukrposhta" (78%), and third – the Administration of Seaports of Ukraine (74%) [50].

Regarding the indicators of Ukrenergo in this rating, it received 68% in the category of Transparency and access to information, 95% in the category of Economic indicators, 100% – Public procurement and property, 87% – Human resources policy, 100% – Ethics and conflict of interest, 38% – Grants and charity policy.

As we can see, Ukrenergo has high indicators in almost all rating categories, except for Grants and charity policy. This indicates that company need to pay more attention to charity and grants in order not to lose its position in the rankings. After all, the fact that the company is in first place in the ranking of transparency, significantly affects its competitiveness and attractiveness. Because the transparency of company's policy and its

economic activity is a very important indicator that affects the credibility of the company, and therefore increases its competitiveness in the international market.

The competitiveness of the enterprise is also significantly influenced by indicators of its financial stability. Therefore, it will be useful to calculate indicators of liquidity, which indicate the company's ability to pay for its liabilities and short-term debts; indicators of profitability, which indicate the level of profit a company generates at given resources; indicators of leverage, which indicate the indebtedness of the company; indicators of solvency, which indicates examines the company's ability to meet its long-term debts and obligations; and indicators of main operating activity, which indicate the efficiency of the company in its everyday business operations (Appendix E).

If we analyze the results, we can see that almost all liquidity ratios at the beginning of the study period were within normal limits (1,57 for Current Ratio, 1.50 for Quick Asset Ratio and 0.85 for Cash Position Ratio). However, at the end of the study period, the company's liquidity deteriorated and all indicators are currently below normal (0.38 for Current Ratio, 0.26 for Quick Asset Ratio and 0.06 for Cash Position Ratio). That means that company is not able to pay for its liabilities and short-term debts with its cash and money available on its bank accounts.

As for profitability indicators, there is no clear trend. According to all indicators, there was a decline in 2017, then in 2018 they increased and from 2019 began to decrease again. In 2020, all profitability indicators reached negative values (-0.35 for Return on Assets, -2.77 for Return on Equity and -0.47 for Return on Sales), which is an extremely bad trend. Most likely, such changes are related to the instability of the political situation in the country, which significantly affects the country's electricity sector. The reduction in electricity consumption by enterprises during the coronavirus and lockdown pandemic also had a major impact.

Leverage indicators, as well as liquidity indicators, were within the norm at the beginning of the settlement period (0,67 for Total Debt to Total Assets and 3.36 for Debt-to-EBITDA Ratio). However, in 2020, none of the indicators meet the normative values (0.87 for Total Debt to Total Assets and -2.72 for Debt-to-EBITDA Ratio). This indicates that the overall debt of the company used for its development is too high and the company

can't repay all its debts at given profit. This condition can be explained by the same reasons that were mentioned in profitability indicators overview.

As for solvency indicators, at the beginning of the calculation period, one of them was within normal limits (0.27 for Equity Maneuverability Ratio), and two did not meet the optimal values (0.33 for Equity-to-Assets Ratio, and 2.06 for Debt-to-Equity Ratio). At the end of the study period, none of the indicators corresponded to the norm (0.13 for Equity-to-Assets Ratio, 6.83 for Debt-to-Equity Ratio, and -3.35 for Equity Maneuverability Ratio). This means that company has a lot of debts and a little amount of working capital in the structure of its self-financing sources.

In terms of main operating activity, there is a downward trend, although at optimal values, these indicators should have increased (0.09 in 2016 and -0.43 in 2020 for Total Assets Turnover Ratio, 11.17 in 2016 and -136.43 in 2020 for Inventory Turnover Ratio, 0.12 in 2016 and -0.58 in 2020 for Fixed Assets Turnover Ratio, and 3.23 in 2016 and -1.75 in 2020 for Working Capital Turnover Ratio). A more or less good trend is observed in the indicator Account Receivable Turnover Ratio. It was increasing until 2019 (2.85 in 2016 and 6.50 in 2019). But this indicator decreased in 2020 to 5.35. And in the indicator Account Receivables Collection Period. This indicator was significantly decreasing until 2019 (126.25 in 2016 and 55.42 in 2019), but in 2020 it increased to 67.23. Therefore, the state of main operating activity of the enterprise is not very satisfactory.

Although it will be expedient to make the horizontal analysis for balance sheet and income statement and vertical analysis for assets and liabilities of the company (Appendices F, G, H, and I).

Despite the company's financial performance, the number of its total assets grew every year. From 2016 to 2017 there was an increase by 2,374,265 thsd. UAH (9.53%), from 2017 to 2018 by 1,003,962 thsd. UAH (3.68%), from 2018 to 2019 there was a significant increase by 36,126,126 thsd. UAH (127.71%), and from 2019 to 2020 by 13,410,796 thsd. UAH (20.82%). As for the non-current assets, there was also tendency to increase with a significant change during 2018-2019 years. From 2016 to 2017 by 2,511,980 thsd. UAH (13.35%), from 2017 to 2018 by 2,972,902 thsd. UAH (13.94%), from 2018 to 2019 by 31,593,352 thsd. UAH (130%), from 2019 to 2020 by 1,535,130

thsd. UAH (2.75%). As for the current assets, there was a decline in the first two years of analysis and a significant increase during the last two years. From 2016 to 2017 current assets decreased by 137.715 thsd. UAH (-2.26%), from 2017 to 2018 by 1,968,948 thsd. UAH (-33.07%), from 2018 to 2019 they increased by 4,532,782 thsd. UAH (113.73%), from 2019 to 2020 by 11,875,666 thsd. UAH (139.41%).

As for the equity and liabilities, there was an increase during the first two years of analysis. In 2020 the volume of the equity of the company decreased because of significant increase in the current liabilities. As for the equity from 2016 to 2017 there was an increase by 1,429,976 thsd. UAH (17.58%), from 2017 to 2018 by 1,036,513 thsd. UAH (10.84%), from 2018 to 2019 by 26,832,361 thsd. UAH (253.12%), from 2019 to 2020 a decrease by 27,488,464 thsd. UAH (-73.43%). As for non-current (long-term) liabilities from 2016 to 2017 there was an increase by 1,041,533 thsd. UAH (8.07%), from 2017 to 2018 by 296,812 thsd. UAH (2.13%), from 2018 to 2019 a decrease by 3,678,781 thsd. UAH (-25.83%), from 2019 to 2020 an increase by 2,607,821 thsd. UAH (34.15%). As for the current liabilities from 2016 to 2017 there was a decrease by 97,264 thsd. UAH (-2.51%), from 2017 to 2018 by 329,363 thsd. UAH (-8.73%), from 2018 to 2019 a significant increase by 12,972,546 thsd. UAH (376.68%), from 2019 to 2020 by 37,291,439 thsd. UAH (227.16%).

As for the vertical analysis of balance sheet, in assets the biggest share is taken by non-current assets (73.8% in 2020), especially fixed assets (57.08% in 2020). Current assets take only 26.2% (in 2020). In the current assets the biggest share is taken by accounts receivable for goods, works, services (13.69% in 2020). As for the liabilities, the biggest share is taken by current liabilities (69.01% in 2020). Equity takes only 12.78% (in 2020). That means that company has more debts than its own capital.

As for the analysis of profit, there was a bad tendency in the change of net profit during 2016-2020 years. From 2016 to 2017 there was a decrease by 1,264,065 thsd. UAH (-41.97%), from 2017 to 2018 an increase by 810,910 thsd. UAH (46.39%), from 2018 to 2019 a decrease by 694,846 thsd. UAH (-27.15%), from 2019 to 2020 a significant decrease by 29,362,566 thsd. UAH (-1575.16%).

Thus, we can conclude that the company's financial condition is not satisfactory

enough, so to improve the company's efficiency and increase its profitability, Ukrenergo needs an effective and well-developed competitive strategy.

Nowadays, for consumers and other participants in both international and domestic markets, an important component of the company's competitiveness is its social corporate responsibility. NPC Ukrenergo's corporate social responsibility is aimed at observing high standards of operating and production activities, social standards and quality of personnel management, and at minimizing harmful environmental impact.

The principles of corporate social responsibility of Ukrenergo are the following:

- Strict compliance with legislation and implementation of best practices of corporate social responsibility and sustainable development;
- Ensuring decent and safe working conditions;
- Respect for the interests of stakeholders;
- Minimization of the impact on the environment;
- Use of resource-saving technologies and ensuring environmental safety of production;
- Support and development of communities;
- Adherence to good business conduct and basic ethical principles;
- Transparency.

For ensuring corporate social responsibilities, in 2019 Ukrenergo established partnerships with: UN Global Compact in Ukraine, Centre for the CSR Development, Ministry of Youth and Sports of Ukraine, NGO Eco-Marathon Green Business Ukraine, NGO Women's Energy Club of Ukraine, and US Agency for International Development, State Agency for Energy Efficiency and Energy Saving.

Key Achievements of Ukrenergo's social corporate responsibility are the following:

- introduction of joint master's programmes in collaboration with higher education institutions;
- four new motivational and educational projects;
- expansion of corporate volunteering.

Thus, we see that NPC Ukrenergo is trying to develop its corporate social responsibility, which increases the level of competitiveness and attractiveness of the company.

As for the competitive strategies of the NPC Ukrenergo, it has the following strategic goals for the next 10 years [32]:

- Ensure the reliability and development of the transmission system in the long run;
- Create conditions for interconnecting the electricity market of Ukraine with the pan-European one and the integration of the IPS of Ukraine into ENTSO-E;
- Ensure stable and balanced operation of the IPS of Ukraine;
- Minimize the cost of the Company's services for consumers in the long run;
- Reduce electricity transmission prices for consumers by investing in infrastructure development, improving management efficiency, and optimizing the use of funds.

NPC Ukrenergo Development Strategy complies with provisions of Energy Strategy of Ukraine 2035 (with regard to power industry) (Appendix J).

In order to achieve the goals of the long-term development of the company and the efficient use of resources, Ukrenergo has identified 10 strategy elements: operation of the power grid, information technology, corporate culture, dispatching, finance, personnel, RES integration, electricity market, integration into ENTSO-E, and development of the power grid.

Operation of the power grid is the element that is responsible for ensuring the transmission of electricity, as well as the possibility of parallel operation of the IPS of Ukraine and adjacent power systems. Long-term element tasks of this element are:

- Increasing power grid availability;
- Implementing the programme of recovery of overhead lines and supports;
- Harmonize Ukrainian technical standards in the electricity sector with the European regulatory framework;
- Separate the functions of operation and repair of transmission grid equipment;

- Implement the technology of live work.

Information technology is the element, responsible for the current operation and development of the automation systems, communication systems, business process automation, cybersecurity, etc. Long-term element tasks of this element include:

- Ensure IT solutions for reliable dispatching of the IPS of Ukraine;
- Cybersecurity;
- Ensure a reliable IT infrastructure and transfer of technological information;
- Business process automation;
- Build a service-oriented organization of IT processes.

Corporate culture is the element that is responsible for the implementation of a set of measures that will change the attitude of society to state-owned companies. Long-term element tasks include the following:

- Corporate governance;
- Security;
- Corporate social responsibility;
- Environmental protection.

Dispatching is the element, responsible for ensuring the balance of production and consumption of electricity, reliability and security of electricity supply. Long-term tasks of this element are:

- Ensuring compliance of dispatching standards with the requirements and rules of ENTSO-E;
- Optimization of transmission system equipment control;
- Optimization of mode control;
- Creation of a new modern format of the dispatcher's workplace.

The next element – finance – is responsible for improving the existing regulatory framework for tariff formation, optimizing the cost of the Company's services for consumers in the long run while maintaining quality. Its long-term tasks are:

- Optimize the cost of the Company's services for consumers in the long run while maintaining quality;

- Switch to incentive-base tariff policy (RAB-tariff for electricity transmission);
- Company liquidity control (including execution of financial covenants);
- Reduce controlled operating expenses.

Personnel is the element that is responsible for ensuring the appropriate level of competence, productivity, and involvement of Ukrenergo's employees. Long-term element tasks include the following:

- Increase personnel satisfaction, loyalty, and involvement;
- Ensure the implementation and use of modern tools to increase labour efficiency and productivity;
- Ensure that the qualifications and competencies of employees meet the current and future needs of Ukrenergo;
- Ensure the stability and continuity of business operations through the support of the succession system;
- To strengthen the Ukrenergo employer brand in Ukraine.

RES integration is the element that contributes to the implementation of the national policy of energy decarbonization, intensive development of RES generation while ensuring the balance between production and consumption in the IPS of Ukraine in compliance with the levels of safety, reliability, and quality of electricity. The role of Ukrenergo is to determine the need for balancing capacity and the maximum possible amount of installed RES capacity, as well as to assist in conducting auctions. Long term tasks of this element are:

- Ensure sufficient reserves for the power system balancing;
- Introduce a RES generation forecasting system;
- Create and expand opportunities for RES connection.

The next element – electricity market – is responsible for ensuring the operation of the balancing market, the ancillary services market, performing the functions of the settlements administrator and commercial metering administrator. Long-term tasks include the following:

- Elimination of cross-subsidies in the market;
- Development of a balancing market, ancillary services market, bilateral agreements;
- Datahub implementation;
- Organization of capacity allocation of interstate power lines and implementation of ITC mechanism;
- Introduction of demand management tools.

The next element – integration into ENTSO-E – is responsible for the regulatory and technical readiness of the Integrated Power System of Ukraine to become a member of ENTSO-E and work stably with the power grid of the Continental Europe. This element's long-term tasks include:

- Become a member of ENTSO-E;
- Achieve the readiness of the Integrated Power System of Ukraine for an isolated mode;
- Achieve the level of grid capacity between the Integrated Power System of Ukraine and ENTSO-E;
- Improve the system of international communications.

And the last element – development of the power grid – is responsible for effective capital investment in the development and modernization of the power grid and increase the reliability of its operation. Search for and attraction of new investments in the electricity sector to achieve the goals of Ukraine's energy strategy, such as energy efficiency, security of electricity supply and RES development. The long-term tasks of this element are:

- Organize a remote control of substations;
- Implement the interconnector development programmes (implementation of PMI projects);
- Implement a program of increasing the reliability of electricity supply in the eastern region;
- Implementation of a number of programmes to increase the reliability of

electricity supply of power nodes;

- Implement a transmission system development programme for RES integration.

As we can see, Ukrenergo has a well-developed strategy that allows the company to move, step by step, in the established direction. The company's strategy is well developed, covers various areas and has short-term and long-term goals and objectives. In addition, the strategy is constantly reviewed and improved, depending on the influence of various factors.

By assessing the financial condition of NPC Ukrenergo and its competitiveness, we can identify company's strengths and weaknesses, as well as assess the opportunities and threats in the external environment with the help of SWOT-analysis (table 2.5).

Table 2.5

SWOT-analysis of NPC Ukrenergo

Internal environment	STRENGTHS	WEAKNESSES
	1. Strong technological base 2. Guaranteed demand for the company's services 3. Company's public and transparent status 4. Availability of existing interconnectors with large capacity	1. Significant depreciation of power lines and substation equipment 2. Lack of modern technologies 3. Lack of high-speed technological communication channels 4. Insufficient protection of infrastructure 5. Limited automation of management processes
External Environment	OPPORTUNITIES	THREATS
	1. Increasing demand for electricity in neighboring countries 2. Further development of a competitive electricity market 3. Development of demand-side power balancing technologies 4. Switching to incentive power tariffs	1. Non-certification of the TSO due to the factors independent of the company 2. Lack of support for the UPS synchronization with ENTSO-E by the key European influence centers 3. Physical and cyber-attacks on the power grid 4. Insufficient development of the internal service market for high-voltage grids 5. Possible political influence on the company's activities 6. Low technical level and qualification of contractors

Source: created by the author on the basis of [32].

Conclusions to the part 2

According to the analysis of external environment of NPC Ukrenergo, we can conclude that it is quite favorable for the company. Despite the coronavirus pandemic and lockdowns, during which there was a significant decline in electricity consumption, today the situation is beginning to improve, which is beneficial for the company. The use of energy, and hence electricity, in the world is constantly growing. In addition, electricity is beginning to replace other types of energy in various spheres of life and production, for example, the automotive industry is moving to electric cars, and more and more household goods are using electricity. Therefore, the company has many opportunities for development and further promotion in the market.

Regarding the financial stability of the company, nowadays, its performance is, unfortunately, unsatisfactory. Indicators of liquidity, leverage, profitability, operating activity and solvency have negative trends, especially over the last two years. In 2020, the company's activities were unprofitable. The analysis of the balance sheet and income statement also showed not quite good results. The company has significant debt and little current assets. Therefore, for further activities it is extremely important to have an effective strategy and implementation of a specific mechanism of action through which the company will be able to increase its efficiency and profitability.

PART 3

WAYS FOR INCREASING THE COMPETITIVENESS OF NPC UKRENERGO ON THE FOREIGN MARKET

3.1. Development of a complex of measures and competitive strategies to increase the competitiveness of NPC Ukrenergo on the foreign market

Development of a complex of measures and competitive strategies in order to increase the competitiveness of NPC Ukrenergo on the foreign market is a complex issue. So, at first, it will be expedient to compare indicators of Ukraine with the same indicators of other countries, then concentrate on the macro level and define what the government can do in order to improve the position of Ukraine and NPC Ukrenergo on international market, and in the end concentrate on micro level and determine what actions the company can take to increase its efficiency in the international market and the efficiency of the country as a whole.

So, firstly, it will be useful to analyze the level of energy intensity in Ukraine and compare it with level of energy intensity of the world (table 3.1). The energy intensity is calculated by dividing the total energy consumption of a country by its Gross Domestic Product (GDP). It measures the total amount of energy necessary to generate one unit of GDP and indicates the level of energy efficiency.

Table 3.1

Energy intensity during 2012-2020 (koe/\$15p)

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Ukraine	0.24	0.227	0.221	0.215	0.207	0.198	0.2	0.185	0.193
World	0.132	0.13	0.127	0.123	0.12	0.118	0.117	0.115	0.114

Source: created by the author on the basis of [37].

As we can see, the level of energy intensity in Ukraine is higher than the world average indicator. This means that Ukraine consumes a large amount of energy, while in the world this figure is low, as highly developed countries are trying to reduce the level of energy consumed to reduce the impact on the environment.

Therefore, today, an important component of energy production and consumption is renewable energy. It will be useful to check the amount of renewable energy production in Ukraine and compare it with world indicators (table 3.2).

Table 3.2

Share of renewables in electricity production during 2014-2020, %

	2014	2015	2016	2017	2018	2019	2020	Absolute Change	Relative Change
Ukraine	5.88	4.63	5.98	7.41	8.60	7.30	9.98	4.1	+70%
EU-27	29.60	29.77	30.08	29.89	32.31	33.91	38.2	8.6	+29%
CIS	16.61	16.17	17.39	17.57	17.43	17.59	17.59	0.98	+6%
World	23.12	23.62	24.66	25.54	26.26	27.28	28.98	5.86	+25%

Source: created by the author on the basis of [37].

As we can see, the amount of renewable energy in total energy production tends to increase worldwide. Ukraine's indicators of absolute change over 7 years are better than the general indicators of the CIS countries (4.1 and 0.98, respectively), but worse than those of European countries (8.6) and the general indicator of the world (5.86). However, if we look at the relative indicators, Ukraine is the absolute leader (+70%), while European countries and the overall figure in the world are +29% and +25%, respectively. The CIS countries have the worst rate – + 25%. This shows that Ukraine is moving in the right direction and is trying to develop renewable energy. This is a good indicator and significantly affects the country's competitiveness in the international market. After all, renewable energy is an extremely important issue for the world community, and more and more countries are abandoning non-renewable energy and other types that pollute the environment in favor of renewable energy sources.

Thus, as we see, Ukraine has a high enough potential for the development of the energy sector and the promotion of the country on the international market.

As for the NPC Ukrenergo, it already has a good long-term strategy, but for the company it is very important to have not only good strategic planning, but also financial stability. As already mentioned, Ukrenergo's financial stability have bad indicators, so the company needs to take certain actions to improve its efficiency and competitiveness.

In order to increase the profitability of the NPC Ukrenergo, the company can take

the following steps:

- increase electricity transmission, which will lead to increase in revenues;
- decrease company's total expenses.

These actions will help Ukrenergo to gain profit and cover the losses incurred in the previous year.

Ukrenergo has already developed a strategy for the next 10 years, but in order to achieve its goals, the government must also implement a specific mechanism of action to support the company and strengthen the country's position in the electricity market. So, the government should take into an account the following actions:

- assistance to NPC Ukrenergo in ensuring synchronous operation of the UES of Ukraine with the ENTSO-E energy system of continental Europe. Achieving full synchronization of electricity transmission will significantly increase the level of competition in the domestic market and increase the balancing capabilities of the power system;
- assistance in trade in electricity between Ukraine and the EU, in particular the inadmissibility of introducing additional payments for export;
- promoting increased investment in RES generation by moving from a legally defined price to price formation and other investment conditions at transparent, competitive auctions with priority given to sustainable development of the country, consumer interests and technical capabilities of Ukraine's energy system;
- coordination with the EC of the adjustment of the National Emission Reduction Plan for large combustion plants taking into account the accelerated decommissioning rates of thermal generation; creation of a financial mechanism to attract investment in technological modernization of TPPs in order to achieve EU environmental standards;
- assistance in obtaining expert and legal support from the EC for the implementation of the regulation to attract investment in the modernization of electricity and gas networks.

In addition, it is very important for the company to focus on renewable energy sources. The whole world is gradually increasing the share of the use of renewable

sources, Ukraine is no exception. Therefore, companies need to increase the use of renewable sources for electricity generation. Nowadays Ukrenergo is in a dynamic transitional phase. But the company is still facing several challenges. Aging power infrastructure, low energy efficiency, high dependence on imports, and missing fast-responding balancing reserves are some key challenges. Therefore, some measures should be implemented, which can be divided into 5 groups.

1. System transformation and planning. Ukrenergo is required to reorganize the system planning process. The system is developing from centralized energy supply with controllable power plants to decentralized, small and uncontrollable variable renewable energy sources. This trend exposes many uncertainties in the system development that should be considered in the system development.

2. Grid and system operations. Variable renewable energy sources generators have high volatility and uncontrollability. In order to maintain the system stability, Ukrenergo needs to approach these challenges in the system operational long-, mid- and short-term planning with standardized and automatized processes and toolboxes, coordination at regional level.

3. Market and flexibility. The high penetration of variable renewable energy sources affects the market structure. Flexible but expensive power plants such as gas and hydro are increasingly displaced by variable renewable energy sources although their flexibility is needed in a system with high RES. In the Ukrainian context, the flexibility issue will get more serious because of the high must-run production rate coming from nuclear and coal. This flexibility issue shall be approached and solved through a proper market design.

4. Ukrenergo positioning and strategy. Ukrenergo business is directly impacted by the energy transition, but it also directly impacts the success of the energy transition. Thus, it is important that the company continuously participates and positions itself in the public discussion regarding the energy transition. Herein, Ukrenergo can position itself as a trusted advisor for the energy transition that can share the benefits and challenges from the system operational perspective.

5. Structural reform including regulations and finance. The successful energy

transition requires also a consistent development of the regulation. The regulation shall support not only the development of variable renewable energy sources but also a successful integration into the power system. For instance, the regulation is able to steer the pace and the locational hotspots of new variable renewable energy sources installation in order to minimize the impact on the system. The company shall play here a strong role in the communicational exchange with key stakeholders in the sector.

3.2. Forecast assessment of the effectiveness of the proposed measures for NPC Ukrenergo

In order to assess the effectiveness of this action plan, it is necessary to make a forecast of possible challenges for the company that could hinder the implementation of the above actions.

To do this, we can use PEST-analysis, the essence of which is to identify and assess the impact of four group of factors – political, economic, social, and technological – on the results of current and future activities of the enterprise.

The following can be attributed to political factors: corporate governance reform in the public sector of the economy, increasing political uncertainty and instability in the world, strengthening the confrontation between countries - key global players in the energy sector, intensification of European integration trends.

To economic factors: restoring economic growth in Ukraine, deepening the integration of European energy markets, exchange rate fluctuations, changing the structure of electricity generation, strengthening the role of renewable energy sources, and economic consequences of the pandemic.

To social factors: gradual improvement of living standards, globalization of the labour market (increasing the cost of labour of qualified specialists and its approximation to the wages of Eastern Europe), and pandemic of indefinite duration (there may be several waves of infectious diseases worldwide).

And to technological factors: development of smart grid, demand response, and vehicle-to-grid technologies to balance the power system; sharp growth in the structure

of the total primary energy supply of the renewable generation share; development of industrial energy storage technologies; mass distribution of electric cars; and increasing cyber threats.

After selecting the possible factors of influence, we can assess their possible impact on the enterprise (table 3.3).

Table 3.3

PSET-analysis forecast of NPC Ukrenergo

	Factors	Weighting factor	Average score	Significance-based score
Political	Corporate governance reform in the public sector of the economy	1	1	0,03
	Increasing political uncertainty and instability in the world	2	2	0,12
	Strengthening the confrontation between countries - key global players in the energy sector	2	2	0,12
	Intensification of European integration trends	2	3	0,18
Economic	Restoring economic growth in Ukraine	3	2	0,18
	Deepening the integration of European energy markets	2	3	0,18
	Exchange rate fluctuations	1	2	0,06
	Changing the structure of electricity generation, strengthening the role of renewable energy sources	2	4	0,24
	Economic consequences of the pandemic	2	2	0,12
Social	Gradual improvement of living standards	3	3	0,26
	Globalization of the labour market. Increasing the cost of labour of qualified specialists and its approximation to the wages of Eastern Europe	2	3	0,18
	Pandemic of indefinite duration. There may be several waves of infectious diseases worldwide	2	2	0,12
Technological	Development of smart grid, demand response, and vehicle-to-grid technologies to balance the power system	3	3	0,26
	Sharp growth in the structure of the total primary energy supply of the renewable generation share	2	4	0,24
	Mass distribution of electric cars	3	3	0,26
	Increasing cyber threats	2	2	0,12
Total score		34	42	X

Source: estimated by the author.

Based on the data obtained, it is possible to determine the factors for each of the four groups, which when changed may have the greatest impact on the enterprise (table 3.4).

Table 3.4

**Selection of factors of the greatest influence according to the PEST-analysis of
NPC Ukrenergo**

Political	Significance-based score	Economic	Significance-based score
Intensification of European integration trends	0,18 (+)	Changing the structure of electricity generation, strengthening the role of renewable energy sources	0,24 (+)
Increasing political uncertainty and instability in the world	0,12 (-)	Restoring economic growth in Ukraine	0,18 (+)
Strengthening the confrontation between countries - key global players in the energy sector	0,12 (-)	Deepening the integration of European energy markets	0,18 (+)
Social	Significance-based score	Technological	Significance-based score
Gradual improvement of living standards	0,26 (+)	Mass distribution of electric cars	0,26 (+)
Globalization of the labour market. Increasing the cost of labour of qualified specialists and its approximation to the wages of Eastern Europe	0,18 (-)	Development of smart grid, demand response, and vehicle-to-grid technologies to balance the power system	0,26 (+)
Pandemic of indefinite duration. There may be several waves of infectious diseases worldwide	0,12 (-)	Sharp growth in the structure of the total primary energy supply of the renewable generation share	0,24 (+)

Source: created by the author on the basis of table 3.3.

Thus, we can see that in the future, given the proposed development strategy, most of the factors that may have the greatest impact on the company are positive (8 of 12). In the group of political factors, two out of three have a negative impact. The situation is the same in the group of social factors. However, these groups depend to a small extent on the company and to address them, the company must constantly monitor the external environment and respond in a timely manner to emerging needs. Regarding the groups of economic and technological factors, all the factors of greatest influence are positive. This means that the strategy chosen by the company and the proposed mechanism to improve its efficiency are successful and with their help the company will be able to benefit from changes in these factors.

In addition, it will be useful to evaluate the effectiveness of the proposed mechanism of actions using the method of expert evaluations (table 3.5). To do this, we

choose the following evaluation criteria: export price, guarantees of reliability of electricity supply, technical conditions of electricity supply of end consumers, environmental friendliness and the company's image. For the analysis we compare the current state of efficiency of the enterprise and the forecasted estimation provided that the company uses the proposed mechanism of actions.

Table 3.5

Expert evaluations of the effectiveness of the proposed measures

Criteria	Weighting factor	Current score		Perspective score	
		Score from 1 to 10	Weighted score	Score from 1 to 10	Weighted score
Export price	0,3	6	1,8	7	2,1
Guarantees of reliability of electricity supply	0,25	3	0,75	5	1,25
Technical conditions of electricity supply of end consumers	0,2	5	1	6	1,2
Environmental friendliness	0,15	2	0,3	5	0,75
Company's image	0,1	6	0,6	8	0,8
Final score	1		4,45		6,1

Source: estimated by the author.

Thus, we can see that, according to the expert evaluations, the perspective score of the NPC Ukrenergo is bigger than current score (6,1 and 4,45, respectively). That means that the company's strategy and proposed actions include specific ways to reduce the impact of negative factors and gain competitive advantage through the use of opportunities that arise when positive factors occur. Therefore, the company's strategy and proposed actions should qualitatively affect the company's efficiency and increase its competitiveness and competitiveness of Ukraine in the international electricity market.

Conclusions to the part 3

It was determined that the development of ways to improve the enterprise is a comprehensive mechanism. Thus, the efficiency of Ukrenergo and its competitiveness largely depends on the government. It is the government of the country that can take certain measures to support the company and promote it on the international market.

Therefore, the actions that the government needs to take for the effective functioning of the company were identified, namely:

- facilitating trade between Ukraine and the European Union;
- facilitating the synchronization of Ukrenergo systems with ENTSO-E;
- comprehensive support for electricity exports and imports;
- promoting the company's investment.

Also, it was determined that Ukrenergo should increase the use of renewable sources for electricity generation, as this is a modern trend in production, helps to improve the environment and increases the investment attractiveness of the company. Therefore, 5 groups of measures for the company's development in this direction were developed, such as: system transformation and planning, grid and system operations, market and flexibility, Ukrenergo positioning and strategy, and structural reform including regulations and finance

The PEST-analysis showed that most of the possible influencing factors with biggest impact will be positive. And the method of expert evaluations showed that the proposed measures will qualitatively affect the efficiency and profitability of the company. According to the evaluations, the perspective score of the company's efficiency will be 6,1 in comparison with the current 4,45 score.

CONCLUSIONS

In the context of the process of globalization and internationalization of the economic system, the problem of ensuring high competitiveness of the enterprise comes to the fore. Only competitiveness guarantees the survival of the producer in domestic and foreign markets, because they are full of different goods and services.

Transnational corporations are one of the key players in the international market. They have a significant impact on the development of the global economy, can change the tastes and preferences of consumers and occupy a large share of the international market as a whole. The countries of origin of the world's largest transnational corporations have a steady inflow of investment, are developing rapidly and are highly competitive. That is why the development of national companies and their transformation into transnational corporations is a very important element for each country.

In order for a company to enter the international market and increase its efficiency and profitability, its competitive strategy is extremely important. It defines the short-term and long-term development goals of the company. However, the competitive strategy needs constant monitoring, control and review, because the modern market is very dynamic and changing.

Transnationalization of Ukrainian companies can become one of the strategic priorities of state policy, which, provided the creation of an appropriate external environment, will increase the competitiveness of the economy and through the exclusive capabilities of corporations will help protect national economic interests, boost further development of Ukrainian economic structures, internationalization of their production and capital, and Ukraine integration in the world economy.

NPC Ukrenergo was chosen to be an object for research. Ukrenergo is the transmission system operator of Ukraine with the functions of operational and technological control of the Integrated Power System of Ukraine (IPS), electricity transmission via trunk power grids from generation to distribution networks, as well as metering and settlement administrator for the Ukrainian electricity market. Therefore, it is the company with high perspective for further development and transnationalization.

During the study, the external environment of NPC Ukrenergo was analyzed. The analysis showed that the external environment of the company is quite favorable. Despite the recent reduction in electricity consumption, demand for it is starting to grow again, as the biggest contributors have been the coronavirus pandemic and lockdowns, which today do not have as significant an impact as before. In addition, the company is implementing ways for European integration and trying to increase electricity exports.

In addition, to assess the financial stability of the company, the analysis of different financial indicators, such as indicators of liquidity, profitability leverage, solvency, and main operating activity was conducted. The analysis showed that the financial stability of the company today is not satisfactory, as most indicators in 2020 did not meet the optimal values. Also, vertical and horizontal analyzes of the balance sheet and income statement were performed.

However, it was researched that the company has a well-developed competitive development strategy, which includes specific mechanisms of actions and can increase the competitiveness and profitability of the company in the future.

The results of the environmental assessment and competitive strategy of the company were presented in the form of SWOT-analysis, which helped to develop a comprehensive mechanism of actions to increase the company's competitiveness.

Taking into account the calculations and assessments of various indicators of the company's competitiveness, ways to improve that the company can take have been developed. Ukrenergo should focus on increasing the use of renewable resources for electricity generation, as well as, if possible, increase exports and reduce costs.

In addition, it was determined that the efficiency of the company significantly depends on the actions of the government. Therefore, a list of actions that can be taken by the government to support the activities and increase the efficiency of the enterprise was proposed.

In the end, with the help of the PEST-analysis, the possibility of the influence of various factors on the company's activities was researched, and the possible level of their influence was assessed. And the effectiveness of the proposed mechanism of actions was determined using the method of expert evaluations. The method of expert evaluations

showed that using the proposed measures, the prospective state of the company will be satisfactory. The perspective score of the company's competitiveness increased by 1.65 compared to the current score (6,1 and 4,45, respectively). This indicates that the proposed mechanism of actions, together with the existing competitive strategy of the company, will be able to increase its profitability and efficiency, boost its competitiveness and influence its further development in a positive way.

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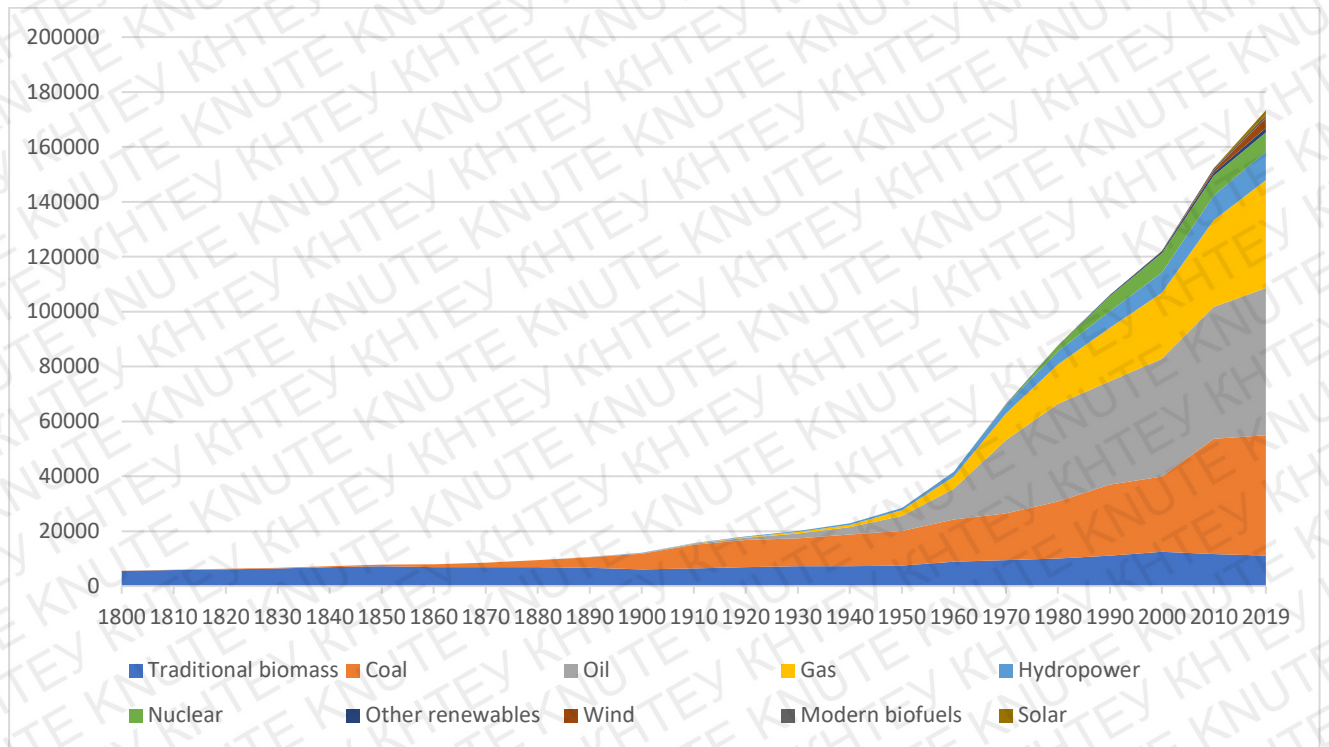
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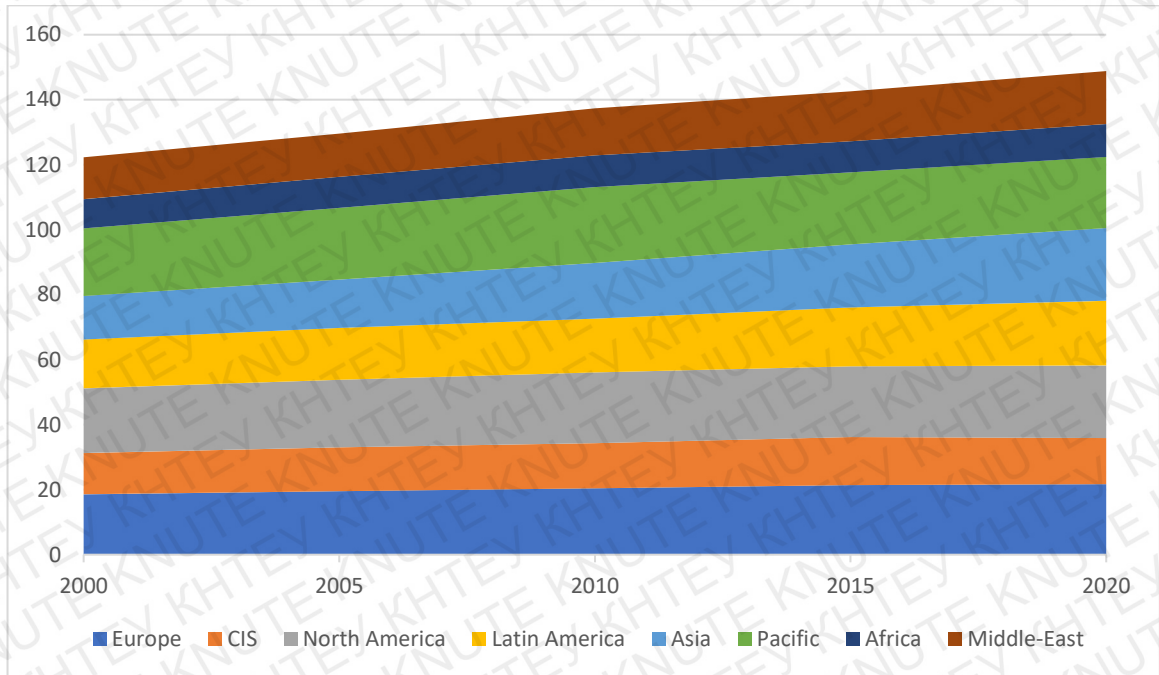
APPENDICES

Appendix A



Global primary energy consumption by source during 1800-2019, TWh

Source: created by the author on the basis of [33].



Share of electricity in total final energy consumption in the world during 1990-2020, %

Source: created by the author on the basis of [37].

Balance sheet of NPC Ukrenergo, 2016-2020, thsd. UAH

	Code of the line	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020
Assets						
I. Non-current assets						
Intangible assets	1000	37,751	34,336	29,404	341,559	391,796
- purchase cost	1001	173,973	178,497	178,930	502,599	561,126
- accumulated depreciation	1002	-136,222	-144,161	-149,526	-161,040	-169,330
Incomplete capital investments	1005	11,605,085	10,014,675	11,640,279	11,236,387	10,717,581
Fixed assets	1010	7,109,109	11,132,114	12,386,831	44,308,472	44,424,161
- purchase cost	1011	12,389,004	17,746,949	19,755,176	44,521,914	48,165,877
- wear and tear	1012	-5,279,895	-6,614,835	-7,368,345	-213,442	-3,741,716
Investment property	1015	0	0	0	0	0
Long-term financial investments - which are accounted for using the equity method of other enterprises	1030	0	0	0	0	0
- other financial investments	1035	698	698	698	0	0
Long-term receivables	1040	18,927	14,099	10,470	9,303	8,935
Deferred tax assets	1045	45,917	133,545	234,687	0	1,843,923
Other non-current assets	1090	0	0	0	0	44,455
Total for section I	1095	18,817,487	21,329,467	24,302,369	55,895,721	57,430,851
II. Current assets						
Inventories	1100	198,885	229,132	235,692	268,381	244,187
Raw materials	1101	182,843	206,383	201,879	225,981	200,752
Work-in-progress	1102	13,607	20,554	31,095	39,989	41,430
Finished goods	1103	2,198	1,860	2,336	2,046	1,730
Commodities	1104	237	335	382	365	275
Current biological assets	1110	0	0	0	0	0
Accounts receivable for products, goods, works, services	1125	1,345,972	943,859	195,300	3,927,933	10,656,411
Accounts receivable for settlement of: - advances issued	1130	1,050,719	1,307,423	982,312	826,550	171,525
- budgetary payments	1135	8,946	665,151	46,498	3,545	26,377
- including income tax	1136	7,394	183,613	17,399	2,762	36
Accrued income receivables	1140	107	107	14,852	27,303	6,373
Other current receivables	1155	110,009	235,646	59,087	11,346	17,374
Short-term investments	1160	0	0	0	0	0
Cash and cash equivalents	1165	3,272,958	2,483,820	2,324,418	2,951,240	2,966,702
Cash	1166	39	33	24	21	15
Current accounts	1167	3,272,919	2,483,787	2,324,391	2,951,201	2,966,687
Deferred expenses	1170	81,428	32,847	22,617	28,894	24,862
Other current assets	1190	22,608	55,932	104,193	473,059	6,280,106
Total for section II	1195	6,092,132	5,954,417	3,985,469	8,518,251	20,393,917
III. Non-current assets held for sale	1200	0	0	8	0	0
Total assets	1300	24,909,619	27,283,884	28,287,846	64,413,972	77,824,768

Continuation of appendix C

	Code of the line	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020
Equity and Liabilities						
I. Equity						
Registered (share) capital	1400	1,226,355	1,226,355	1,226,355	37,160,209	37,160,209
Equity in revaluations	1405	37,710	33,197	34,367	25,614,081	25,668,547
Additional capital	1410	6,870,242	8,304,731	9,340,074	0	0
Reserve capital	1415	0	0	0	93,205	93,205
Retained earnings(uncovered loss)	1420	0	0	0	10,499,516	-17,043,414
Unpaid capital	1425	0	0	0	-35,933,854	-35,933,854
Total for section I	1495	8,134,307	9,564,283	10,600,796	37,433,157	9,944,693
II. Non-current (long- term) liabilities						
Deferred tax liabilities	1500	4,423	0	0	4,233,401	0
Pension liabilities	1505	0	0	0	551,432	648,502
Long-term bank loans	1510	40,059	0	0	4,627,263	12,343,711
Other long-term liabilities	1515	12,423,222	13,490,271	13,456,733	139,394	135,440
Long-term securities	1520	2,836	3,336	323,191	0	0
Targeted financing	1525	434,197	452,683	463,178	1,012,831	1,044,489
Total for section II	1595	12,904,737	13,946,290	14,243,102	10,564,321	14,172,142
III. Current liabilities						
Short-term bank loans	1600	0	0	0	7,952,427	3,394,664
Current accounts payable for: - long-term liabilities	1610	40,059	1,484,046	1,499,114	409,106	2,086,778
- goods, works, services	1615	1,007,731	1,256,551	697,478	4,732,452	47,313,669
- budgetary payments	1620	578,710	22,047	66,021	1,174,926	151
- including income tax	1621	27,220	0	0	677,206	1
- insurance payments	1625	1,347	12,264	1,455	231	11
- wages and salaries payments	1630	2,644	49,758	7,005	72	108
Current accounts payable for advances received	1635	49,991	143,072	173,111	931,621	205,254
Current accounts payable for settlements with participants	1640	0	0	0	0	0
Current supplies	1660	69,587	67,281	203,654	846,707	461,431
Deferred income	1665	502,282	292,614	406,619	33,889	21,917
Other current liabilities	1690	433,759	445,678	389,491	335,063	223,950
Total for section III	1695	3,870,575	3,773,311	3,443,948	16,416,494	53,707,933
Total equity and liabilities	1900	24,909,619	27,283,884	28,287,846	64,413,972	77,824,768

Source: created by the author on the basis of company's financial reports [32].

Income statement of NPC Ukrenergo, 2016-2020, thsd. UAH

	Code of line	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020
Net sales	2000	7,173,623	8,263,856	5,992,663	26,326,366	58,249,460
Cost of goods sold	2050	-2,185,051	-2,426,027	-2,746,563	-20,081,866	-83,199,376
Gross profit (loss)	2090 (2095)	4,988,572	5,837,829	3,246,100	6,244,500	-24,949,916
Other operating income	2120	365,915	384,740	491,533	556,642	148,704
Administrative expenses	2130	-494,482	-434,026	-455,741	-529,354	-892,831
Selling expenses	2150	0	0	0	0	0
Other operating expenses	2180	-233,775	-961,695	-911,371	-6,318,769	-4,149,954
Income (loss) from operating activities	2190 (2195)	4,626,230	4,826,848	2,370,521	-46,981	-29,843,997
Other financial income	2220	156,105	205,068	216,949	2,705,065	203,913
Other income	2240	1,441,047	587,702	2,110,048	0	0
Financial expenses	2250	-100,232	-200,930	-280,664	-339,958	-3,889,673
Other expense	2270	-2,508,061	-3,095,787	-1,365,492	0	0
Net income (loss) before tax	2290 (2295)	3,615,089	2,322,901	3,051,362	2,318,126	-33,529,757
Income tax	2300	-625,169	-574,870	-492,421	-454,031	-6,031,286
Net profit (loss)	2350 (2355)	3,012,096	1,748,031	2,558,941	1,864,095	-27,498,471

Source: created by the author on the basis of company's financial reports [32].

The results of the analysis of the financial condition of NPC Ukrenergo, 2016-2020

Indicators of the financial condition of the enterprise	Formulas	Bench- mark	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020
The analysis of liquidity							
Current Ratio	Current assets ÷ Current liabilities	>1	1,57	1,58	1,16	0,52	0,38
Quick Asset Ratio	(Cash + Marketable Securities + Accounts Receivable) ÷ Current Liabilities	0,6 - 0,8	1,50	1,44	1,00	0,43	0,26
Cash Position Ratio	Cash ÷ Current liabilities	>0,2	0,85	0,66	0,67	0,18	0,06
The analysis of profitability							
Return on Assets	Net Profit ÷ Total Assets	increase	0,12	0,06	0,09	0,03	-0,35
Return on Equity	Net Profit ÷ Equity	increase	0,37	0,18	0,24	0,05	-2,77
Return on Sales	Net Profit ÷ Sales	increase	0,42	0,21	0,43	0,07	-0,47
The analysis of leverage							
Total Debt to Total Assets	Total Debt ÷ Total Assets	50%- 80%	0,67	0,65	0,63	0,42	0,87
Debt-to-EBITDA Ratio	Total Debt / EBITDA	2-3	3,36	3,04	5,45	4,32	-2,72
The analysis of solvency							
Equity-To-Asset Ratio (Proprietary Ratio)	Net Worth ÷ Total Assets	>0,5	0,33	0,35	0,37	0,58	0,13
Debt-To-Equity Ratio	Total liabilities ÷ Equity	<1	2,06	1,85	1,67	0,72	6,83
Equity maneuverability ratio	(long term liabilities+Equity-Non-current assets) ÷ Equity	>0	0,27	0,23	0,05	-0,21	-3,35
The analysis of main operating activity							
Total Asset Turnover Ratio	(Current Assets - Current Liabilities) ÷ Total Assets	increase	0,09	0,08	0,02	-0,12	-0,43
Accounts Receivable Turnover Ratio	Net Sales ÷ Accounts Receivable	increase	2,85	2,81	5,42	6,50	5,35
Accounts receivable collection period, days	360 ÷ Accounts Receivable Turnover Ratio	decrease	126,25	128,08	66,36	55,42	67,23
Inventory Turnover Ratio	(Current Assets - Current Liabilities) ÷ Total Inventories	increase	11,17	9,52	2,30	-29,43	-136,43
Fixed assets turnover ratio	(Current Assets - Current Liabilities) ÷ Total non-current assets	increase	0,12	0,10	0,02	-0,14	-0,58
Working capital turnover Ratio	Net Sales ÷ (Current Assets - Current Liabilities)	increase	3,23	3,79	11,07	-3,33	-1,75

Source: estimated by the author on the basis of appendices C and D.

Horizontal analysis of NPC Ukrenergo's balance sheet for 2016-2020

	Code of the line	Absolute increase/decrease, thsd. UAH				Percentage increase/decrease, %			
		2016-2017	2017-2018	2018-2019	2019-2020	2016-2017	2017-2018	2018-2019	2019-2020
Assets									
I. Non-current assets									
Intangible assets	1000	-3,415	-4,932	312,155	50,237	-9,05	-14,36	1061,61	14,71
- purchase cost	1001	4,524	-160,604	484,706	58,527	2,60	-89,98	2708,91	11,64
- accumulated depreciation	1002	-7,939	-5,365	133,422	-829	5,83	3,72	-89,23	5,15
Incomplete capital investments	1005	-1,590,410	1,625,604	-403,892	-518,806	-13,70	16,23	-3,47	-4,62
Fixed assets	1010	4,023,005	1,254,717	31,921,641	115,689	56,59	11,27	257,71	0,26
- purchase cost	1011	5,357,945	2,008,227	24,766,738	3,643,963	43,25	11,32	125,37	8,18
- wear and tear	1012	-1,334,940	-753,510	7,154,903	-3,528,274	25,28	11,39	-97,10	1653,04
Long-term financial investments	1030	0	0	0	0	-	-	-	-
- other financial investments	1035	0	0	-698	0	0,00	0,00	-100,00	-
Long-term receivables	1040	-4,828	-13,052	8,256	-368	-25,51	-92,57	788,54	-3,96
Deferred tax assets	1045	87,628	101,142	-234,687	1,843,923	190,84	75,74	-100,00	-
Other non-current assets	1090	0	0	0	44,455	-	-	-	-
Total for section I	1095	2,511,980	2,972,902	31,593,352	1,535,130	13,35	13,94	130,00	2,75
II. Current assets									
Inventories	1100	30,247	6,560	32,689	-24,194	15,21	2,86	13,87	-9,01
Raw materials	1101	23,540	-4,504	24,102	-25,229	12,87	-2,18	11,94	-11,16
Work-in-progress	1102	6,947	10,541	8,894	-35,846	51,05	51,28	28,60	-89,64
Finished goods	1103	-2,012	2,150	-290	-1,873	-91,54	1155,91	-12,41	-91,54
Commodities	1104	98	47	-17	-90	41,35	14,03	-4,45	-24,66
Accounts receivable for products, goods, works, services	1125	-402,113	-941,906	3,925,980	6,728,478	-29,88	-99,79	201023,04	171,30
Accounts receivable for settlement of:									
- advances issued	1130	256,704	-325,111	-899,657	88,870	24,43	-24,87	-91,59	107,52
- budgetary payments	1135	656,205	-618,653	-42,953	22,832	7335,18	-93,01	-92,38	644,06
- including income tax	1136	176,219	-166,214	-14,637	-2,726	2383,27	-90,52	-84,13	-98,70
Accrued income receivables	1140	0	14,745	12,451	-20,930	0,00	13780,37	83,83	-76,66
Other current receivables	1155	-86,363	35,441	-47,741	6,028	-78,51	149,88	-80,80	53,13
Cash and cash equivalents	1165	-789,138	-159,402	626,822	15,462	-24,11	-6,42	26,97	0,52
Cash	1166	-6	-9	-3	-6	-15,38	-27,27	-12,50	-28,57
Current accounts	1167	-789,132	-159,396	626,810	15,486	-24,11	-6,42	26,97	0,52
Deferred expenses	1170	-48,581	-10,230	6,277	-4032	-59,66	-31,14	27,75	-13,95
Other current assets	1190	33,324	48,261	368,866	5,807,047	147,40	86,29	354,02	1227,55
Total for section II	1195	-137,715	-1,968,948	4,532,782	11,875,666	-2,26	-33,07	113,73	139,41
III. Non-current assets held for sale	1200	0	8	-8	0	-	-	-	-
Total assets	1300	2,374,265	1,003,962	36,126,126	13,410,796	9,53	3,68	127,71	20,82

Continuation of appendix F

	Code of the line	Absolute increase/decrease, thsd. UAH				Percentage increase/decrease, %			
		2016-2017	2017-2018	2018-2019	2019-2020	2016-2017	2017-2018	2018-2019	2019-2020
Equity and Liabilities									
I. Equity									
Registered (share) capital	1400	0	0	35,933,854	0	0,00	0,00	2930,13	0,00
Equity in revaluations	1405	29,426	1,170	25,579,714	54,466	780,32	3,52	74431,04	0,21
Additional capital	1410	1,434,489	1,035,343	-9,340,074	0	20,88	12,47	-100,00	-
Reserve capital	1415	0	0	93,205	0	-	-	-	0,00
Retained earnings (uncovered loss)	1420	0	0	10,499,516	-27,542,930	-	-	-	-262,33
Unpaid capital	1425	0	0	-35,933,854	0	-	-	-	0,00
Total for section I	1495	1,429,976	1,036,513	26,832,361	-27,488,464	17,58	10,84	253,12	-73,43
II. Non-current (long-term) liabilities									
Deferred tax liabilities	1500	-4,423	0	4,233,401	-4,233,401	-100,00	-	-	-100,00
Pension liabilities	1505	0	0	551,432	97,070	-	-	-	17,60
Long-term bank loans	1510	-40,059	0	4,627,263	7,716,448	-100,00	-	-	166,76
Other long-term liabilities	1515	1,067,049	-33,538	-13,317,339	-125,850	8,59	-0,25	-98,96	-90,28
Long-term securities	1520	500	319,855	-323,191	0	17,63	9587,98	-100,00	-
Targeted financing	1525	18,486	10,495	549,653	31,658	4,26	2,32	118,67	3,13
Total for section II	1595	1,041,553	296,812	-3,678,781	3,607,821	8,07	2,13	-25,83	34,15
III. Current liabilities									
Short-term bank loans	1600	0	0	7,952,427	-4,557,763	-	-	-	-57,31
Current accounts payable for: - long-term liabilities	1610	1,443,987	15,068	-1,090,008	1,677,672	3604,65	1,02	-72,71	410,08
- goods, works, services	1615	248,820	-559,073	4,034,974	42,581,217	24,69	-44,49	578,51	899,77
- budgetary payments	1620	-35,824	43,974	1,108,905	-1,174,775	-61,90	199,46	1679,62	-99,99
- including income tax	1621	-2,722	0	677,206	-677,205	-100,00	-	-	-100,00
- insurance payments	1625	10,917	-10,809	-1,224	-220	810,47	-88,14	-84,12	-95,24
- wages and salaries payments	1630	47,114	-42,753	-6,933	36	1781,92	-85,92	-98,97	50,00
Current accounts payable for advances received	1635	93,081	30,039	758,510	-726,367	186,20	21,00	438,16	-77,97
Current supplies	1660	-2,306	136,373	643,053	-385,276	-3,31	202,69	315,76	-45,50
Deferred income	1665	-209,668	114,005	-372,730	-11,972	-41,74	38,96	-91,67	-35,33
Other current liabilities	1690	11,919	-56,187	-54,428	-312,668	2,75	-12,61	-13,97	-93,32
Total for section III	1695	-97,264	-329,363	12,972,546	37,291,439	-2,51	-8,73	376,68	227,16
Total equity and liabilities	1900	2,374,265	1,003,962	36,126,126	13,410,796	9,53	3,68	127,71	20,82

Source: estimated by the author on the basis of appendix C.

Horizontal analysis of NPC Ukrenergo's income statement for 2016-2020

	Code of line	Absolute increase/decrease, thsd. UAH				Percentage increase/decrease, %			
		2016-2017	2017-2018	2018-2019	2019-2020	2016-2017	2017-2018	2018-2019	2019-2020
Net sales	2000	1,090,233	-2,271,193	20,333,703	31,923,094	15,20	-27,48	339,31	121,26
Cost of goods sold	2050	-240,976	-320,536	-17,335,303	-63,117,510	11,03	13,21	631,16	314,30
Gross profit (loss)	2090 (2095)	849,257	-2,591,729	2,998,400	-31,194,416	17,02	-44,40	92,37	-499,55
Other operating income	2120	-327,441	453,059	65,109	-407,938	-89,49	1177,57	13,25	-73,29
Administrative expenses	2130	60,456	-21,715	-73,613	-363,477	-12,23	5,00	16,15	68,66
Selling expenses	2150	0	0	0	0	-	-	-	-
Other operating expenses	2180	-727,920	50,324	-5,407,398	2,168,815	311,38	-5,23	593,33	-34,32
Income (loss) from operating activities	2190 (2195)	200,618	-2,456,327	-2,417,502	-29,797,016	4,34	-50,89	-101,98	63423,55
Other financial income	2220	48,963	11,881	2,488,116	-2,501,152	31,37	5,79	1146,87	-92,46
Other income	2240	-853,345	1,522,346	-2,110,048	0	-59,22	259,03	-100,00	-
Financial expenses	2250	80,139	-260,571	-59,294	-3,549,715	-79,95	1296,82	21,13	1044,16
Other expense	2270	-587,726	1,730,295	1,365,492	0	23,43	-55,89	-100,00	-
Net income (loss) before tax	2290 (2295)	-1,292,188	728,461	-733,236	-35,847,883	-35,74	31,36	-24,03	-1546,42
Income tax	2300	567,682	-434,934	38,390	-5,577,255	-90,80	756,58	-7,80	1228,39
Net profit (loss)	2350 (2355)	-1,264,065	810,910	-694,846	-29,362,566	-41,97	46,39	-27,15	-1575,16

Source: estimated by the author on the basis of appendix D.

Vertical analysis of NPC Ukrenergo's assets, 2016-2020

	Code of the line	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020
Assets						
I. Non-current assets						
Intangible assets	1000	0,15	0,13	0,10	0,53	0,50
- purchase cost	1001	0,70	0,65	0,06	0,78	0,72
- accumulated depreciation	1002	-0,55	-0,53	-0,53	-0,03	-0,02
Incomplete capital investments	1005	46,59	36,71	41,15	17,44	13,77
Fixed assets	1010	28,54	40,80	43,79	68,79	57,08
- purchase cost	1011	49,74	65,05	69,84	69,12	61,89
- wear and tear	1012	-21,20	-24,24	-26,05	-0,33	-4,81
Investment property	1015	0,00	0,00	0,00	0,00	0,00
Long-term financial investments						
- which are accounted for using the equity method of other enterprises	1030	0,00	0,00	0,00	0,00	0,00
- other financial investments	1035	0,00	0,00	0,00	0,00	0,00
Long-term receivables	1040	0,08	0,05	0,00	0,01	0,01
Deferred tax assets	1045	0,18	0,49	0,83	0,00	2,37
Other non-current assets	1090	0,00	0,00	0,00	0,00	0,06
Total for section I	1095	75,54	78,18	85,91	86,78	73,80
II. Current assets						
Inventories	1100	0,80	0,84	0,83	0,42	0,31
Raw materials	1101	0,73	0,76	0,71	0,35	0,26
Work-in-progress	1102	0,05	0,08	0,11	0,06	0,01
Finished goods	1103	0,01	0,00	0,01	0,00	0,00
Commodities	1104	0,00	0,00	0,00	0,00	0,00
Current biological assets	1110	0,00	0,00	0,00	0,00	0,00
Accounts receivable for products, goods, works, services	1125	5,40	3,46	0,01	6,10	13,69
Accounts receivable for settlement of:						
- advances issued	1130	4,22	4,79	3,47	0,13	0,22
- budgetary payments	1135	0,04	2,44	0,16	0,01	0,03
- including income tax	1136	0,03	0,67	0,06	0,00	0,00
Accrued income receivables	1140	0,00	0,00	0,05	0,04	0,01
Other current receivables	1155	0,44	0,09	0,21	0,02	0,02
Short-term investments	1160	0,00	0,00	0,00	0,00	0,00
Cash and cash equivalents	1165	13,14	9,10	8,22	4,58	3,81
Cash	1166	0,00	0,00	0,00	0,00	0,00
Current accounts	1167	13,14	9,10	8,22	4,58	3,81
Deferred expenses	1170	0,33	0,12	0,08	0,04	0,03
Other current assets	1190	0,09	0,21	0,37	0,73	8,07
Total for section II	1195	24,46	21,82	14,09	13,22	26,20
III. Non-current assets held for sale	1200	0,00	0,00	0,00	0,00	0,00
Total assets	1300	100,00	100,00	100,00	100,00	100,00

Source: estimated by the author on the basis of appendix C.

Vertical analysis of NPC Ukrenergo's liabilities, 2016-2020

	Code of the line	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020
Equity and Liabilities						
I. Equity						
Registered (share) capital	1400	4,92	4,49	4,34	57,69	47,75
Equity in revaluations	1405	0,02	0,12	0,12	39,76	32,98
Additional capital	1410	27,58	30,44	33,02	0,00	0,00
Reserve capital	1415	0,00	0,00	0,00	0,14	0,12
Retained earnings(uncovered loss)	1420	0,00	0,00	0,00	16,30	-21,90
Unpaid capital	1425	0,00	0,00	0,00	-55,79	-46,17
Total for section I	1495	32,66	35,05	37,47	58,11	12,78
II. Non-current (long-term) liabilities						
Deferred tax liabilities	1500	0,02	0,00	0,00	6,57	0,00
Pension liabilities	1505	0,00	0,00	0,00	0,86	0,83
Long-term bank loans	1510	0,16	0,00	0,00	7,18	15,86
Other long-term liabilities	1515	49,87	49,44	47,57	0,22	0,02
Long-term securities	1520	0,01	0,01	1,14	0,00	0,00
Targeted financing	1525	1,74	1,66	1,64	1,57	1,34
Total for section II	1595	51,81	51,12	50,35	16,40	18,21
III. Current liabilities						
Short-term bank loans	1600	0,00	0,00	0,00	12,35	4,36
Current accounts payable for:	1610	0,16	5,44	5,30	0,64	2,68
- long-term liabilities						
- goods, works, services	1615	4,05	4,61	2,47	7,35	60,80
- budgetary payments	1620	0,23	0,08	0,23	1,82	0,00
- including income tax	1621	0,01	0,00	0,00	1,05	0,00
- insurance payments	1625	0,01	0,04	0,01	0,00	0,00
- wages and salaries payments	1630	0,01	0,18	0,02	0,00	0,00
Current accounts payable for advances received	1635	0,20	0,52	0,61	1,45	0,26
Current accounts payable for settlements with participants	1640	0,00	0,00	0,00	0,00	0,00
Current supplies	1660	0,28	0,25	0,72	1,31	0,59
Deferred income	1665	2,02	1,07	1,44	0,05	0,03
Other current liabilities	1690	1,74	1,63	1,38	0,52	0,03
Total for section III	1695	15,54	13,83	12,17	25,49	69,01
Total equity and liabilities	1900	100,00	100,00	100,00	100,00	100,00

Source: estimated by the author on the basis of appendix C.

Strategic tasks for 10 years

	2020	2025	2035
Energy Strategy 2035 Goals	Energy Sector Reform	Optimization and Innovative Development of Energy Infrastructure	Ensuring Sustainable Power Industry Development
NPC Ukrenergo Development Strategy Goals	<ol style="list-style-type: none"> 1. The TSO performs functions with regard to balancing market and ancillary services market; 2. The TSO performs the functions of the administrator of settlements and administrator of commercial metering; 3. Compliance with all technological requirements for synchronization with ENTSO-E; 4. 100% achievement of implementation and harmonization of the national legislation with European norms; 5. Ensuring sufficient reserves of 200 MW to balance the power system 	<ol style="list-style-type: none"> 1. ENTSO-E membership; 2. Ukrainian technical standards are 100% harmonized with European ones; 3. Creation and implementation of a RES forecasting system; 4. Ensuring sufficient reserves of 1500 MW to balance the power system; 5. Organization of substation remote control 	<ol style="list-style-type: none"> 1. Creation and expansion of possibilities for connection of RES up to 10700 MW; 2. Introduction of demand management tool; 3. Ensuring sufficient reserves of 2000 MW to balance the power system; 4. Remote control for all substations

Source: created by the author on the basis of [32].