

ЕКОНОМІКА ТА УПРАВЛІННЯ ПІДПРИЄМСТВАМИ

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STRATEGIC PROSPECTS FOR THE DEVELOPMENT OF ENTERPRISES OF THE MILITARY-INDUSTRIAL COMPLEX OF UKRAINE

СТРАТЕГІЧНІ ПЕРСПЕКТИВИ РОЗВИТКУ ПІДПРИЄМСТВ ОБОРОННО-ПРОМИСЛОВОГО КОМПЛЕКСУ УКРАЇНИ

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Elaboration of strategic directions of development and provision of long-term competitive advantages in the market conditions of management is an urgent problem for any enterprise in modern conditions, and enterprises of the military-industrial complex of Ukraine do not remain aloof from this problem. That is why the authors proposed three strategic prospects for the development of these enterprises: the development of enterprises through reform, expansion of the range of products, and the development of policies to promote products on the market, the development of enterprises through participation in state targeted programs.

Key words: enterprises of military-industrial complex, strategic prospects, development, competitiveness, arms market.

Розробка стратегічних напрямів розвитку і забезпечення довгострокових конкурентоспроможних переваг в ринкових умовах господарювання є актуальною проблемою для будь-якого підприємства в сучасних умовах, і підприємства оборонно-промислового комплексу України не залишаються остоною даної проблеми. Саме тому авторами запропоновано три стратегічні перспективи розвитку означених підприємств: розвиток підприємств за рахунок реформування, розширення асортименту продукції та розробка політики просування продукції на ринок, розвиток підприємств за рахунок участі у державних цільових програмах.

Ключові слова: підприємства оборонно-промислового комплексу, стратегічні перспективи, розвиток, конкурентоспроможність, ринок озброєнь.

Разработка стратегических направлений развития и обеспечения долгосрочных конкурентоспособных преимуществ в рыночных условиях хозяйствования является актуальной проблемой для любого предприятия в современных условиях, и предприятия оборонно-промышленного комплекса Украины не остаются в стороне от данной проблемы. Именно поэтому авторами предложено три стратегические перспективы развития указанных предприятий: развитие предприятий за счет реформирования, расширение ассортимента продукции и разработка политики продвижения продукции на рынок, развитие предприятий за счет участия в государственных целевых программах.

Ключевые слова: предприятия оборонно-промышленного комплекса, стратегические перспективы, развитие, конкурентоспособность, рынок вооружений.

Problem statement in general and its connection with important scientific or practical tasks. The definition of strategic prospects of development requires modern scientific approaches from domestic enterprises to the formation of optimal

competitive advantages. Development of business strategy traditionally begins with an assessment of the competitiveness of the enterprise. It is competition as the driving force of market relations that makes enterprises constantly look for new ways

to improve their competitiveness in the strategic aspect.

The military-industrial complex (MIC) is a special component of the economy of Ukraine, which has a pronounced impact on the development of the country's industry. It includes government bodies and authorities, industrial enterprises and scientific organizations engaged in defence research and the creation of weapons and military equipment [1].

Elaboration of strategic directions of development and long-term competitive advantages in the market conditions of management is an urgent problem for any enterprise in modern conditions.

Analysis of the latest research and publications, which started the solution of this problem and on which the author is based. The problems of developing strategies for economic development of enterprises in the realities of today are a key area of research of modern science. In their research, the authors try to develop and offer effective mechanisms for the strategic development of enterprises of any industry, including enterprises of the military-industrial complex. From the point of view of the enterprises of the military-industrial complex, the development of strategies for their development, a certain scientific interest is the research of such scientists as G. Bondarchuk, A. Shevtsov, V. Zubarev. The problem of ensuring the competitiveness of the company is disclosed in the works of V. Dykan, G. Rzayev, Y. Utkina. Selected issues of strategic management in general are adequately set forth in the writings of L. Romanyuk, I. Bula, N. Prokopenko, and G. Melnikova.

Identification of previously unsolved parts of the general problem to which this article is devoted. Despite the sufficient elaboration of issues regarding the definition of strategic prospects for the development of enterprises in an unstable environment, in our opinion, further research requires such issues in the context of the functioning of the military-industrial complex of Ukraine.

Formulation of article goals (problem statement). The purpose of the article is to determine strategic prospects of development of the military-industrial complex of Ukraine in the context of the study of competition in the arms market.

Presentation of the main research material with full justification of the scientific results. The quality and effectiveness of activities of enterprises of the military-industrial complex in the unstable situation in the economy during its fundamental changes on the basis of the paradigm of post-industrial society are determined by their ability to maintain a stable competitive position in a particular competitive market. According to G.I. Rzayev, competition is the mechanism that, on the one hand, stimulates and promotes competitiveness, while on the other, is slow and therefore has a negative impact on its level [2, p. 166].

The competitiveness of the enterprise is a dynamic in time and constant in relation to the object definition of characteristics of the economic

entity, which allows it to obtain and develop its own competitive advantages, to form and use the aggregate competitive potential, as well as to provide a sufficient level of efficiency [3, p. 105]. On the other hand, the competitiveness of a business entity is manifested through the dynamic process of specific relations between the producers of the same or similar products [4, p. 42].

For the enterprises of the military-industrial complex, the arms market is a competitive market.

The arms market is one of the most complex sectors of the world economy. The rivalry between individual countries and groups here is very acute: the struggle is not only for individual income but also for military and technical superiority, long-term binding of the buyer to its technological complex. The acquired ships, aircraft, air defence systems, tanks, artillery systems serve, as a rule, for many years, but over time, they require modernization and repair.

In the competition for the world or regional leadership, it is mandatory for each state to build its own system of self-defence, for which it must first develop or acquire the material basis of its creation-weapons. However, the inequality of economic, technological, and socio-intellectual capacities of countries determines their capabilities for the production and transfer of weapons. As a result, the ability and needs of some to create different types of weapons meet the desire of others to obtain them. Moreover, often arms manufacturers produce their goods in excess, which makes the ruling government sell it. This establishes a causal link between the production of weapons, their transfers and the relationship in the system of international relations.

Gradually, the repeated purchase and sale of weapons in such a structure acquires stable features, frequency, and sometimes even volumes. Accordingly, the aggregate demand and supply for military-technical products begin to directly affect the military power of the state, which determines the inevitable participation of the latter in the structure of export-import relations related to military products, that is, makes the state a player in the arms market.

The arms market as a whole can be defined as the totality of economic relations between its subjects of sale and purchase, that is, trade in arms produced within states and in the international arena, which is based on mutual agreement, equivalence, and competition. And if it is possible to control transactions related to the arms trade within a state, then in the international arena each entity cares primarily about its political interests, which are complemented by mercantile considerations, because the arms trade is a super-profitable business.

The world arms market is a complex system of international military and economic relations. Exporters in this area have the opportunity through the arms trade not only to make a profit but also to

influence the military-political situation in different parts of the world, as well as the political course of importing the weapons of countries, forming the aggregate potential of the allied states, and testing new weapons.

The main features of the world arms market are based on a kind of dependence of importing countries on suppliers of arms and military equipment. The buyer country becomes interested not only in direct sales but also in the further maintenance of weapons, ammunition, parts, spare parts, etc. Therefore, the contract for the supply between the importer and the supplier is often concluded for a long time. Arms and military equipment are often traded on the basis of international agreements.

In addition to the legal arms trade, there is an illegal arms market. It is divided into "grey" market and "black" one. The concept of the "grey" market implies the trade in arms, which is known to government organizations but is not widely publicized. We know that the "grey" market to the implemented weapons worth about \$2 billion. The supply of weapons on the black market bypasses accepted international norms and agreements. The black market is inferior to the legal and grey arms and military equipment market, but its existence and development can be seen as a reaction to the brutality of the legal market.

Today, the world is growing the volume of supplies of not only ready-made weapons and military equipment but also its spare parts. Most of the trade is in licenses for the production of new weapons, the conclusion of contracts providing for the modernization of military equipment, the creation of infrastructure for its maintenance.

The unfavourable economic situation in importing countries forces them to buy cheaper weapons or to participate in the joint production. In order to receive concessions, they have to agree to additional conditions for exporters with concessional lending or barter transactions.

The international arms market has the following features:

- it is difficult to control the movement of goods and technologies for military purposes, as well as the registration and verification of export-import operations;

- the approval of the arms market recognized a number of leaders, such as Beaumont Trading, which concentrates in its hands most international transactions.

The situation in the world market is affected by various factors that depend on the globalization of the economy and macroeconomic changes in the countries exporting and importing arms and military equipment. The peculiarities of this market lead to the need to consider military-technical cooperation as a specific sphere of foreign policy activity of the state, which consists of military-technical, economic, and political component. In this regard, it is possible to increase the effectiveness of the military-technical cooperation by using modern

methods of economic progress of arms and military equipment in the world market, which should be supplemented by appropriate organizational and legal norms and information mechanisms.

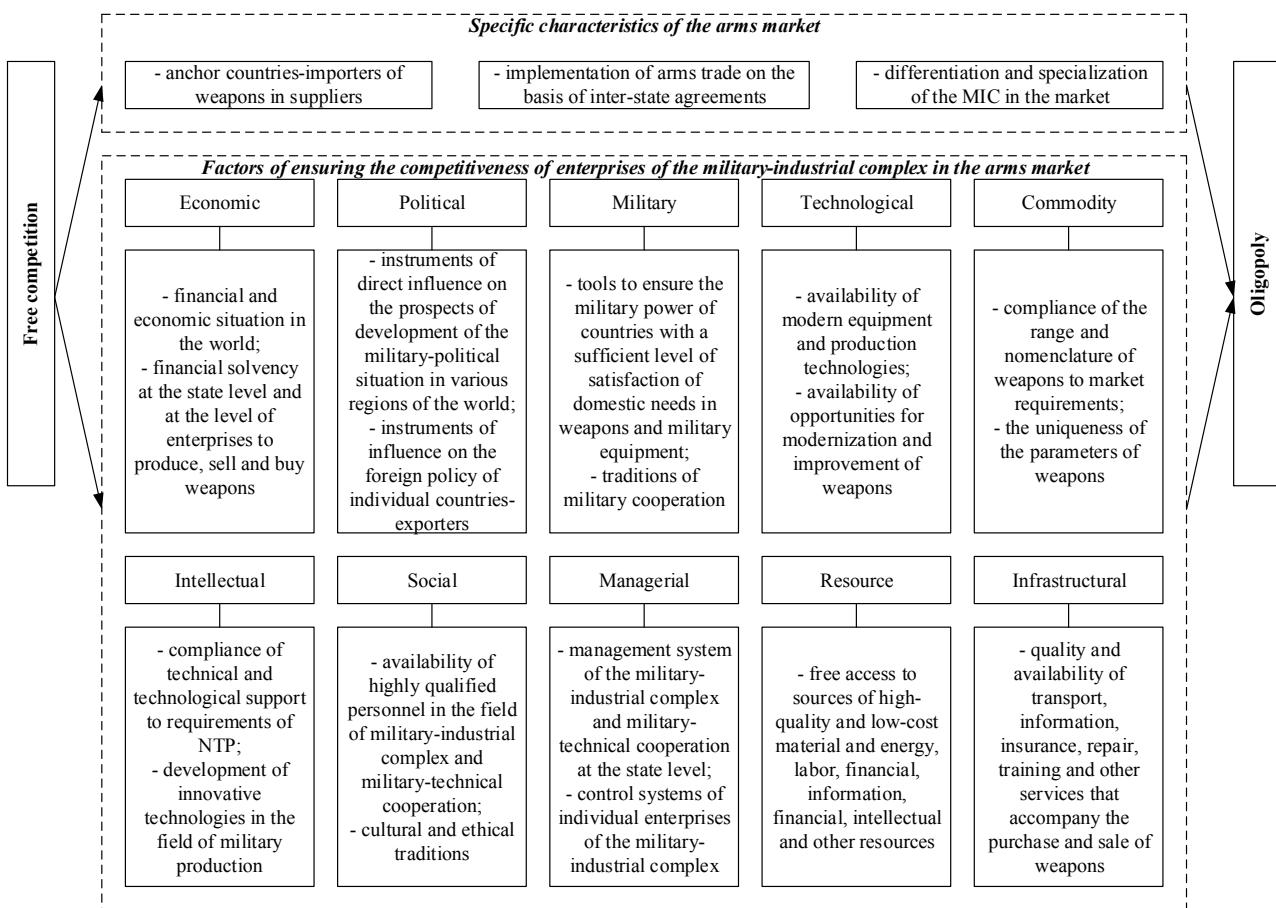
Strengthening the country's position on arms exports will help to improve the defence capability and preserve military and economic security. Today, among the factors influencing the formation of the arms and military equipment market, the support of tense situations and military conflicts in many regional and local centres of clashes plays an important role, and the need for modern weapons of the army and navy among the states remains.

Recent trends in the globalization of world markets have not left aside the arms market. The rivalry between individual countries and their groups in the world arms market is not only additional profits but also for military and technical superiority and long-term binding of the buyer to its technological complex. Acquired ships, aircraft, air defence systems, tanks, artillery systems are characterized, as a rule, by high service life. However, they also need to be upgraded and repaired over time. Therefore, ties in this area are too profitable for the manufacturer, since the purchase and sale transaction entails the next necessary contracts. That is why the effective defence industry is today the most efficient sector of the world economy. However, entering the global arms market for the military-industrial complex is a competitive struggle.

The modern arms market is characterized not by strategic, but mainly commercial competition. Political (but recently their influence has been decreasing), market (the struggle between the main arms producers for the sales market and their own share of the military budgets of countries around the world) and economic (the pressure of which in the conditions of recession of crisis phenomena becomes much more tangible) factors have a particularly tangible impact on the functioning of the world arms market.

However, it should be noted that the arms market is not a free competitive market. First, this is due to the binding of the countries-importers of weapons and military equipment to approved suppliers, which signed a long-term strategic agreement. Secondly, the trade in arms and military equipment is usually carried out on the basis of interstate agreements. And finally, third, there is a clear distinction and specialization of the military-industrial complex in the world arms market. For example, the world's largest exporter of missiles, electronic systems, planes remains France; warships and aircraft are exported by the United Kingdom; Germany specializes in the supply of aircraft and ships; Italy, Sweden, Spain, and Israel stand out among the exporters of modern weapons; China, North Korea, Eastern Europe are engaged in the supply of weapons of previous generations.

Based on these features, the development of competition in the arms market is quite specific (Fig. 1).

**Fig. 1. Competition in the arms market**

Under the influence of specific features of the modern arms market and factors of ensuring the competitiveness of enterprises of the military-industrial complex, the state of the struggle in the arms market and military equipment is more inherent in the oligopolistic market, rather than in the market of free competition.

In general, it should be noted that the undoubted advantages of enterprises of the military-industrial complex are the high quality of products and the availability of highly qualified personnel of enterprises, which makes it possible to conduct research, develop new formulations of products. The main problem of enterprises is identified as a result of the analysis is the unavailability of Finance to change the strategy of the enterprise, to expand production and, consequently, to expand the range of products.

The following should be noted as the results of the reform of the enterprises of the military-industrial complex of Ukraine:

– due to the stabilization of the financial and economic situation, it will be possible to stimulate and develop fundamental and exploratory research, technical and technological developments;

– expansion in pilot production of industrial production of military and civilian products, popular and national economy, but unprofitable in terms of large-scale industrial production;

– improving the quality of development of new, science-intensive, export-oriented types of weapons and military equipment;

– strengthening of scientific, technical, information and analytical and human resources potential of the Ukrainian defence industry;

– creation of conditions for the introduction of the latest high-tech developments into production with the inclusion of the most important projects in innovative and investment programs;

– preservation of jobs, employment, and further training of graduates of higher educational institutions, which are training specialists for the defence industry;

– reduction of the cost of scientific and technical developments by reducing the time of development and reducing the cost of research and development work.

Measures to expand the range of products will increase the demand for products and attract new consumers of products and, accordingly, new sources of money. In turn, the raised funds will help to modernize and expand the production capacity of the enterprise.

Conclusions from this study and prospects for further exploration in this direction. Based on the analysis of competition in the arms market for the enterprises of the military-industrial complex of

Ukraine, three promising areas of strategic development can be proposed.

The first direction is the development of enterprises through reform. The author means their full subordination to the state concern "Ukroborprom". At the same time, the reform of enterprises will not only preserve the only complex in Ukraine for the development and production of special products, but will also give the opportunity to conduct research and development in priority areas of the national technological base in a closed cycle, from development to introduction into production, and reduce costs in the development and testing of new products, and will minimize budget funding for special production by increasing the efficiency of the operation of the property complex.

The second direction is the expansion of the range of products and the development of poli-

cies to promote products to the market. The proposed measures to expand the range of products will increase the demand for products and attract new consumers of products and, accordingly, new sources of money. In turn, the raised funds will help to modernize and expand the production capacity of enterprises. Research work on the development of new types of civil products in this area is dictated by the market needs. Production of new types of civilian products will allow financing research and development, which are conducted in research institutions.

The third direction is the development of enterprises through participation in state targeted programs, for example, in the State Program to Reform and Develop the Military-Industrial Complex until 2020, which makes it possible to obtain additional funding for research in priority areas and placing a state order for research and development.

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