**MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE**

**V. N. Karazin Kharkiv National University**

**School of Economics**

**Department of Finance, Banking and Insurance**

# MASTER'S QUALIFICATION WORK

ON THE TOPIC:

**Funding of innovative activities of enterprises**

Field of knowledge: 07 Management and Administration
Speciality: 072 Finance, Banking, Insurance and Stock Market
Level of higher education: second (master's) level
Educational programme PUBLIC FINANCE
Degree of higher education: Master's Degree
Qualification: Master of Finance, Banking and Insurance, Public Finance

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The Master's qualification work was approved to be defended
by the decision of the Department of Finance, Banking and Insurance

Minutes No. _____ of "___" _________ 2024
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Kharkiv 2024

# CONTENT

# INTRODUCTION

Globalization and internationalization of society lead to the fact that actors of national and even local theaters of action influence the world as a whole and other actors in completely different places of the world. Economic crises since 2008, the COVID 19 pandemic and the war in Ukraine lead to the fact that the strategy ceases to be a document, a long-term plan for more than 10 years. It is already a document that describes the company's fundamental positions, which can also be revised depending on the scale of changes in the external environment. Ukrainian enterprises are currently among the most competitive enterprises in the world, therefore, despite all the conditions and crises, they continue to work and develop. The production and sale of food products is a rather complex and at the same time important type of enterprise activity. Food is a primary human need, so the demand for food products is stable. Innovations play a special role. In Ukraine, there is no significant state support for food industry enterprises, so actors in this area have to resort to innovations to gain competitive advantages. These innovations may consist in changing the volume of product packaging or even developing a new manufacturing technology or a fundamentally new product in general. But in any case, enterprises are aimed at obtaining long-term advantages not only in the domestic but also in the world market. However, in crisis conditions, people do not always buy semi-finished products, preferring to prepare food themselves. Therefore, the study of financing innovative activity as a factor in ensuring the competitive strategy of an enterprise in conditions of uncertainty using the example of a company manufacturing and selling semi-finished food products is relevant.

This topic is investigated in the following works by the authors N. G. Klivets, V. I. Aranchiy, S. P. Zorya, A. O. Lantukh, I. O. Stupak, O. G. Nefedova, S. B. Dovbnya, A. A. Thompson, M. Porter, G. Hamel, K. Pavlov, O. Pavlova, V. Kupchak, I. B. Yatsiv. The problems of strategizing under conditions of uncertainty are highlighted in their works by such scientists as Makhmudov Kh. Z. Kovalska

Yu. G. Masyuk Yu. V. Reminsky M. M., Skorobogatova N. E. and others.

The purpose of the work is to study the financing of innovative activities of the enterprise.

Based on the established goal, the following tasks were formed:

- to summarize the meaning of the term "competitive strategy", their types and factors of their selection;

- to analyze the meaning of the term "innovation", to determine the types of innovations for further use in the formation of competitive strategies;

- to assess the market for the production and sale of semi-finished food products;

- to determine modern competitive strategies of organizations for the production and sale of semi-finished food products in Ukraine, possible innovations in the activities of the enterprise;

- to determine the volumes and methods of financing innovations to achieve sustainable competitive advantages of the organization "Galya Baluvana"

The object of the work is the innovative activity of the enterprise.

The subject of the work is the financing of the innovative activity of the enterprise.

In carrying out the research, we used a set of research methods: analysis and synthesis, the generalization method for generalizing the definition of the term “competition strategy”, the dialectical method (for studying the factors that determine the choice of strategy), econometric methods and mathematical methods for analyzing trends in the development of the food market, graphic methods for visual presentation of the research results.

In writing the work, 70 sources of information were used. The work is presented on 77 pages of computer text, contains 15 tables and 18 figures.

# CHAPTER 1
# THEORETICAL BASIS OF COMPETITIVE STRATEGY IN CONDITIONS OF INCREASING UNCERTAINTY.

## 1.1. Competitive strategies: content, models, factors determining their choice.

To form adequate responses to the challenges posed by the constantly changing external environment, the enterprise must take into account the actions of its competitors and the change in advantages, as well as strengthen its position at the micro level. This can be achieved by creating a special management mechanism using internal resources. To increase overall efficiency, it is necessary to assess the activities of the enterprise, competitors, strengths and weaknesses.

It is important to recognize that the subtleties of business and financial interaction between companies, as well as constantly developing consumer and industrial markets, as well as the necessary financial and investment requirements for new innovations, all this contributes to what is known as the "fourth industrial revolution" [1, p. 104]. This new stage of industrial and technological development indicates that not only methods and tools of production are changing, but also relations between industries are being restructured, which leads to new forms of communication and interaction between companies.

One of the important components of building a company's strategy is the implementation of a multi-level structure that is hierarchically organized to achieve specific goals. It should be noted that both domestic and foreign researchers share similar views on the hierarchical structure of strategic management of firms. Investigating attempts to structure strategic management, P.G. Klivets' work distinguishes corporate (portfolio), business (business strategy), functional (supports corporate and business details) and operational (ensures achievement of strategic goals) strategies based on the level of management [2, c. 154].

Scientists S. B. Dovbnya and co-authors [3] focus on the object for which a certain hierarchical level is developed: so corporate strategy refers to the entire enterprise; competitive - to a separate sphere of activity or business direction; functional strategies - for each of the functional subsystems (branches, divisions, services) of the enterprise; operational - to determine the principles of managing certain processes.

Well-known foreign researchers in the field of strategic management A. A. Thompson and J. Strickland proposed a pyramid for developing strategies for single-profile (business strategy, functional and operational strategies) and diversified (corporate, business strategy, functional and operational strategies) companies [4].

Conflicts regarding the hierarchy of strategies usually arise only at the level of competition between companies. According to the authors S. B. Dovbnya, A. O. Naidovska, and M. M. Briefly, business (competitive) strategy is defined as the means by which a company intends to compete in a particular market in terms of product sales, target customers, pricing strategy, advertising methods, etc. As such, it is usually referred to as competitive strategy. This definition can be found in their work, page 37, [3].

According to research conducted by A. Thompson and J. Strickland [4], competitive strategy is considered to be a more focused and limited aspect compared to business strategy. The latter is responsible for managing the competitive struggle, reflecting the intentions of management in different industry circumstances, functional strategies and solving strategic issues. On the other hand, competitive strategy is responsible for developing plans to compete and satisfy consumers by offering them added value.

Generally speaking, business or business strategy concerns the management of an independent business unit within a company. Its purpose is to ensure sustainable competitive advantages in the long term.

Once the understanding of business strategy is established, it is necessary to define the term “competitive strategy”. A correct understanding of the concept of competitive strategy is crucial for the successful development and implementation of an effective strategy. In fact, it is the key to the fruitful work of an enterprise in today's dynamic and complex operating conditions. It is worth noting that P. G.

Klivets defines competitive strategies not as a level of management, but as a position in an industry or market segment. (2, p. 155)

Table 1.1 lists the definitions of the concept of "competitive strategy of an enterprise" by both domestic and foreign scholars.

Table 1.1 – Definition of the concept of "competitive strategy of an enterprise"

| № | Author | Definition |
|---|---|---|
| 1 | Porter M. [5, c. 25] | The main goal of the organization is to establish a strong and profitable position that can withstand the various forces that determine competition in the industry. |
| 2 | Hemel G., Prahalad S. [6] | The essence of this concept is to create future market advantage at a faster rate than any imitators can adopt the practices the company uses now. |
| 3 | Aranchiy V. I., Zorya S. P., Lantukh A. O. [7, c. 5] | Competitive strategy is a multifaceted approach that involves a series of interrelated actions focused on leveraging internal strengths and neutralizing external factors to maximize benefits and competitive advantage in the marketplace. It is a continuous struggle to achieve and maintain a desired level of competitiveness and secure a strong position in the marketplace. |
| 4 | Bulakh I. V. [8, c. 25] | The methods and strategies that businesses use to gain an advantage over their competitors or increase their overall competitiveness are known as competitive measures and actions or market approaches that can offer a lasting advantage. |
| 5 | Vasylenko V. O., Tkachenko T. I. [9, c. 271] | The manufacturer and exporter must establish and implement specific goals and objectives for each market and product and over a specific period of time in order to conduct production and commercial operations in full harmony with market conditions and the capabilities of the enterprise. This approach involves adapting the manufacturer and exporter's goals and objectives to each unique market segment, as well as to the characteristics of each product. |
| 6 | Stupak I. O. [10, c. 253] | An organization's strategy is a comprehensive approach aimed at achieving its long-term goals and maintaining competitive advantages that are sustainable. This plan is constantly updated to ensure continuous progress and the ability to adapt quickly to changes in the internal and external environment. The ultimate goal is to satisfy customer needs and promote self-sustainable development. |
| 7 | Smoleniuk P. C. [11, c. 92] | Gaining sustainable competitive advantage over competitors through competition is achieved through a specific method. This approach allows a company to meet the diverse and dynamic needs of customers better than its competitors. |
| 8 | Kulinyak Yu. I. [12, c. 93] | A group of strategies that depend on an organization's strengths and are executed with the aim of gaining and maintaining a favorable competitive position while mitigating the impact of competitive pressures is known as competitive measures. |
| 9 | Nefedova O. G. [13, c. 118] | In the face of competition, a company must adopt a long-term approach to its actions in order to maintain or increase its current level of competitiveness. |
| 10 | Makhmudov Kh. Z. [14, c. 182] | The concept of competitiveness includes a set of complex measures that work together to achieve and maintain a superior competitive position in the marketplace. These measures rely on the effective use of competitive advantages and the mitigation of adverse influences that may hinder progress. |

| | | |
|---|---|---|
| 11 | Kovalska Y. G. [15, c. 10] | An enterprise is made up of a set of interconnected and interdependent components that work toward a single overarching goal: to create and sustain a discernible competitive advantage that is environmentally sound and durable. |
| 12 | Yatsiv I. B. [16, c. 127] | The enterprise seeks to gain competitive advantage through a number of complex measures and advantages. |
| 13 | F. Kotler [17, c. 71], 2012 | According to the scientist, the application of a competitive strategy can allow a company to compete with other companies and gain a foothold in the market. |

Analyzing the definitions given in Table 1.2, it becomes obvious that M. Porter [9] highlights the position of the enterprise as a key factor in the concept of "competitive strategy". At the same time, G. Hemel and S. Prahalad [10] give priority to the speed of creating competitive advantages. Modern scientists have expanded this definition by introducing more significant elements.

1) competitive position,

2) competitive advantages,

3) competitiveness of the enterprise,

4) achievement of strategic goals.

The above definitions contain one or more aspects of this concept. Summarizing the above definitions, we can say that competitive strategy is a long-term complex that includes interrelated measures aimed at gaining competitive advantages, ensuring a favorable competitive position and the desired level of competitiveness.

We offer the following interpretation of the competitive strategy of an enterprise as a multifaceted, purposeful and dynamic set of measures that are interdependent and serve the overall goal of the company. These measures are based on the internal capabilities of the corporation in order to obtain and maintain the desired level of competitiveness, possess competitive advantages and maintain a stable and competitive position, as well as the ability to resist competitive forces.

Achieving competitive advantage creates a clear advantage that allows enterprises to compete effectively and succeed in the continuous struggle for dominance in the food market. Competitive strategy is a precise classification that defines the main methods used to establish this competitive advantage. [11, p. 4]

The basis of a company's actions in the market is its competitive strategy, which outlines a scheme for gaining an advantage over competitors. The main focus of competitive strategy is focused on managerial actions and methods aimed at establishing and strengthening the long-term competitive position of the enterprise in a certain market area.

We believe that it is necessary to distinguish between the concepts of “competitive strategy” and “business strategy” in agreement with the definition that competitive strategy is a limited classification that characterizes only the main ways of achieving competitive advantage [11]. It can be argued that only the terms “business” and “business strategy” are interchangeable, while “business (business)”, “competitive” strategy and “competitive strategy” have different meanings. [18].

Modern scientists put forward certain requirements for a competitive strategy:

1) the development of a management object covers various aspects, such as managerial, environmental, economic, technological, technical, etc.

2) achieving a certain integration of various components of the managed object;

3) achieving strategic goals is a key goal;

4) when developing a strategy, it is recommended to integrate the achievements of economics and other related fields of research into an action plan[13, p. 147].

We believe that the list of necessary requirements for the effective functioning of enterprises in the current rapidly changing external environment is wider than previously thought. As a result, it is necessary to take into account additional requirements, especially when developing a competitive strategy. In addition to the requirements mentioned earlier, the following factors are crucial:

-the ability to quickly adapt to economic fluctuations both within the company and outside it is of crucial importance.

- attention should be paid to the field of knowledge where the benefit is received.

- when highlighting the company's strengths, it is important to avoid overemphasizing its competitive advantages and at the same time underestimating the advantages of competitors.

- it is important to ensure that the business has a good chance of creating a product that can compete in the market.

The company's competitive strategy must meet two basic requirements: the ability to produce a product that can compete in the market and the ability to respond quickly to adverse environmental conditions. Failure to comply with these prerequisites makes the competitive strategy ineffective and redundant. The choice of competitive strategy is influenced by various factors that require careful consideration in practice:

– current market conditions;

– types of competitors;

– stage of the company's life cycle;

– the ability to produce different types of goods;

– ensuring the quality of goods and services.

Taking into account the previously mentioned factors, a choice is usually made from the main strategies listed in Table 1.2.

Table 1.2 – Competitive Strategies

| № | Author | Types of strategies | Content |
|---|---|---|---|
| 1 | M. Porter Creating competitive advantage in the market | Cost leadership strategy | The target industry can achieve minimum costs through various sources. These include the impact of economies of scale, "product simplification", the use of less expensive materials and technologies, and cheaper labor. In addition, the application of organizational and production expertise can also help in achieving this goal. |
| 2 | | Product differentiation strategy | A clear market position that is distinct from competitors can be established by using a number of sources, including products, packaging, services, employees, and corporate identity. |
| 3 | | Focus strategy | Focusing and narrowing activities to meet the needs of a particular segment, without trying to appeal to the entire market. |
| 4 | F. Kotler Competitive position and marketing directions of | Market leader strategy | The main strategy for protecting and expanding a significant market share is to maintain a dominant position. |
| 5 | | Leadership contender strategy | The goal is to increase market share with the ultimate goal of achieving market dominance. The main strategy used is the offensive |

| | | | |
|---|---|---|---|
| 6 | the firm in the market | Follower firm strategy | Maintaining market position and market share is achieved through various strategies. These primarily include a defensive strategy aimed at maintaining established market positions by confronting external threats. Another strategy is imitation, which involves imitating the actions of the market leader. Compliments and adaptation are also used as strategies to maintain market position and share. |
| 7 | | Niche firm strategy | Achieving competitive advantage in a specific market requires a well-implemented differentiation strategy. There are several types of strategies to consider, including maintaining the current market position, integrating different strategies, establishing a leadership role in a market niche, and expanding beyond that niche. |
| 8 | I. Ansoff Source of competitive advantage of a firm | Strategy to maximize the firm's market share | The goal is to reduce the costs of manufactured products and offer them at a lower price than competing enterprises. |
| 9 | | The firm's product differentiation strategy | The ability of a company to provide a product that meets the precise requirements of a specific group of buyers. |
| 10 | | Market differentiation strategy (market niche) | The company's ability to create innovative market demands, promoting consumer loyalty by creating and maintaining a favorable company image. |
| 11 | | A growth strategy that ensures future development | Expanding the sales market to new geographic regions, as well as strategically dividing the market into separate segments, are important components of successful marketing strategies. |
| 12 | R. Miles, C. Snow The firm's intentions regarding its product-market position | "Spy" strategy | They focus on identifying new possibilities and solving existing problems. |
| 13 | | strategy of "defender" | Focus on operations in interesting markets and solving engineering issues |
| 14 | | Strategy "Analytics" | The main goal is to identify new perspectives, as well as solve dilemmas that the company faces. |
| 15 | | The "reactionary" strategy | This approach consists of a combination of methods focused on solving administrative responsibilities until a specific task stands out from the rest. However, they lack the ability to develop their own strategy. |
| 16 | M. Tracy, F. Wiersem The Principle of Value Disciplines. | Functional advantage | The company provides exceptional value by being at the forefront of the market in terms of both affordability and ease of access. Their goal is to satisfy consumers who need reliable, top-notch products and equipment, but prefer that they be easily accessible at reasonable prices. |
| 17 | | Close connection with the consumer | The company's ability to deliver exceptional value lies in its careful segmentation of markets. This involves creating products or services that are tailored to the specific needs of target consumers. The company excels at meeting individual customer requirements by fostering intimate relationships and gathering in-depth information about their characteristics, preferences, and habits. |

| | | | |
|---|---|---|---|
| 18 | | Leading position in new products | A business can increase its appeal to consumers by continually introducing fresh products or services that replace not only its own outdated offerings but also those of its competitors. Customers who prefer to receive the latest products or services, regardless of cost or convenience, are the primary target audience. |

It is important to note that these strategies are not mutually exclusive, as there is no one-size-fits-all approach for any organization. Typically, business owners combine two or three strategies, recognizing that each approach has its own set of requirements, characteristics, and limitations that are associated with certain risks.

In the early stages of a company's development, it is crucial to create a competitive strategy that will ensure profitable and sustainable competition in the industry. Strategic planning focuses on securing and maintaining a company's competitive advantages, which are indicators of its growth potential and provide answers to fundamental questions for managers, such as whether it is worth investing in certain projects and whether such projects will bring sufficient income to compensate for the expenditure of resources and efforts. Figure 1.1 shows the criteria used to form competitive advantages.

Institutional and managerial

- state support; enterprise image; integration into state institutions

Socio-professional

- employee culture; consumption culture

Organizational and economic

- production concept; technological advantages; market share; speed of adaptation to changes; efficiency of the management system; diversification of production; productive capitalization

Natural and ecological

- product quality and safety; geographical location; environmental protection measures; resource provision

Figure 1.1 – Criteria for determining the competitive advantages of an enterprise

(Compiled by the author based on the source [14]

When researchers and entrepreneurs looked for a way to provide a reliable source of competitive advantage, they realized that the key to success lies not only in the development and effective implementation of the strategy, but also in the process of constantly creating and maintaining these advantages. It is now generally accepted that no single strategy or process of managing strategic potential can guarantee a sustainable competitive advantage. Companies are increasingly forced to adapt to the ever-changing requirements of the environment, constantly changing their strategies and capabilities. In today's competitive environment, strategy development cannot be separated from its implementation, since the speed of using opportunities is lightning fast. Waiting for all the answers is not an option - you need to be ready to make adjustments to the development plan at any time. The level of competitiveness of an enterprise is a determining factor in the effectiveness of its competitive strategy. The main goal of competitive strategy is to create a market space that is difficult for competitors to reach, therefore the main goal of the enterprise is the optimal use of competitive advantages to create additional value for consumers. To achieve the goal, when developing a competitive strategy, a methodology should be implemented that would ensure control and management of internal competitive factors, such as information, resource, financial, technical and technological, marketing and organizational and structural. These factors are integral elements of internal functional areas that contribute to the formation of competitive advantages. When it comes to developing and implementing strategies, a dynamic approach requires an internal environment that balances stability and flexibility. This means that the environment should provide a basis for stability, as well as ensure rapid adaptation in response to any changes that may arise.

The development of a competitive strategy consists of several stages, namely:

- definition of competitive objectives.

- study of environmental components is of paramount importance for understanding different systems.

- study of strategic potential is a fundamental aspect of any comprehensive analysis.

- identification of current advantages in the market and study of opportunities for creating new ones is a key aspect of business strategy [1, p. 228].

When it comes to developing strategies that ensure optimal competitiveness, the formulation and selection of such strategies is of paramount importance.

The essence of creating a competitive strategy is to determine the objectives of competitive activity. The specific definition of objectives at different levels provides an understanding and comprehensive clarification of the significance of ensuring the company's competitive strategy. The process of setting a task must be clearly defined to allow a business to expand its market share, acquire new domains or maintain its current position, protecting itself from competing companies.

An important component of creating a competitive strategy for a company is the study of environmental factors to identify both threats and opportunities that may hinder or contribute to achieving the main goal. In addition, this stage of analysis helps to determine the current stage of the industry life cycle, including the features of its structure and essence, assess the scale of competitors' activities, etc.

By checking the strategic capabilities of the enterprise, identifying critical factors that contribute to its success, and identifying areas where it may be vulnerable in the competitive environment, it is possible to recognize internal processes that can be considered strengths or weaknesses. By assessing their significance, it is possible to establish competitive advantages. An important part of this stage is the assessment of the enterprise's competitiveness. Its purpose is to compare enterprises within a certain competitive group. The next stage involves determining existing competitive advantages and opportunities for developing new ones. This is completed by analyzing both the external and internal environment.

Our proposal is to develop a set of competitive strategies that will involve determining the market position of the enterprise. This includes determining the market share of the enterprise, the type of competitive advantages it possesses, and the actions that promise to be taken in the future market.

Choosing a competitive strategy is a crucial step in the process of its formation. An enterprise rarely uses only one strategy, so special criteria are needed to identify and analyze alternative strategies. The goal is to select the most effective of them, which will allow for the full use of the enterprise's resource potential.

In our opinion, the final stage is carried out using a certain set of standards, which, in our opinion, should include the following factors: distinctiveness, contextuality, ambiguity, suitability, efficiency, and speed.

In the current market climate, the struggle for dominance among economic entities has changed from direct competition to strategic planning. Competitive strategies are now the driving force behind the competitiveness of these organizations at almost every level of management. Therefore, it is extremely important to understand exactly what is meant by the term "competitiveness" and to correctly identify the benefits that come from competitiveness. This is crucial for developing effective methods for assessing the level of enterprise competitiveness and establishing appropriate management strategies. We must now examine the feasibility of formulating a robust strategy under unpredictable market conditions.

## 1.2. Innovations as a factor in the formation of competitive strategies and ensuring their implementation

Today, companies must respond to demands in the market immediately, recognize the needs of potential customers and satisfy them as quickly as possible; this is significant to the company's reputation. This is the reason why companies should be interested in introducing new concepts.

Many business owners already recognize the importance of innovation in business. However, not everyone comprehends the entire procedure of integrating new ideas and utilizing GH in business models. To understand the significance of innovation for entrepreneurial success, we must understand the definition of innovation and the main components of it.

Innovation is the primary difference between companies in today's market, this is attributed to the frequent, rapid changes in the environmental landscape. As such, the company is adept at meeting changing customer demands and is leading in the market. It's crucial to not only create a new product or service, but also to find novel solutions that differ from rivals.

The term 'innovation' is derived from the Latin term 'Nivata', which means 'renewal, change', and the term 'in', which is used to describe something before it begins to change. As such, the word innovation is defined by a single motion: towards alteration.

Schumpeter Y. A. in his scientific paper, he propose a new concept: innovation is the result of a new methodological approach that involves the application of new methods to a technical and organizational endeavor in the production, sales, and management of goods. He categorized five different types of new improvements.

The creation of new products and services that are crucial to the economy.

1) the utilization of new equipment and methods, which necessitates the introduction of new methods of production and transportation.

2)attacking new markets for goods that are still in the developmental stage.

3) augmenting the base of resources through the addition of new raw material sources to the system;

4) the enhancement of more effective methods of organization and management [39, c. 316-317] (fig 1.2).

Internal processes, resource combination, and the creation of new technologies are the primary methods by which an organization can increase its effectiveness. These procedures facilitate enterprise efficiency via the development of new ideas and the implementation of existing methods.

Technological advancement causes the economic system to evolve, and becomes part of the process of " constructive destruction", which, in turn, causes structural alterations in society [26, p. 174].

Raynor M.'s scientific investigation of innovation demonstrated that all innovations are intended to break the commonly accepted rules of destruction in business; he determined that all innovations are based on the concept of violating specific agreements that have been established in society [74, c.5-8].

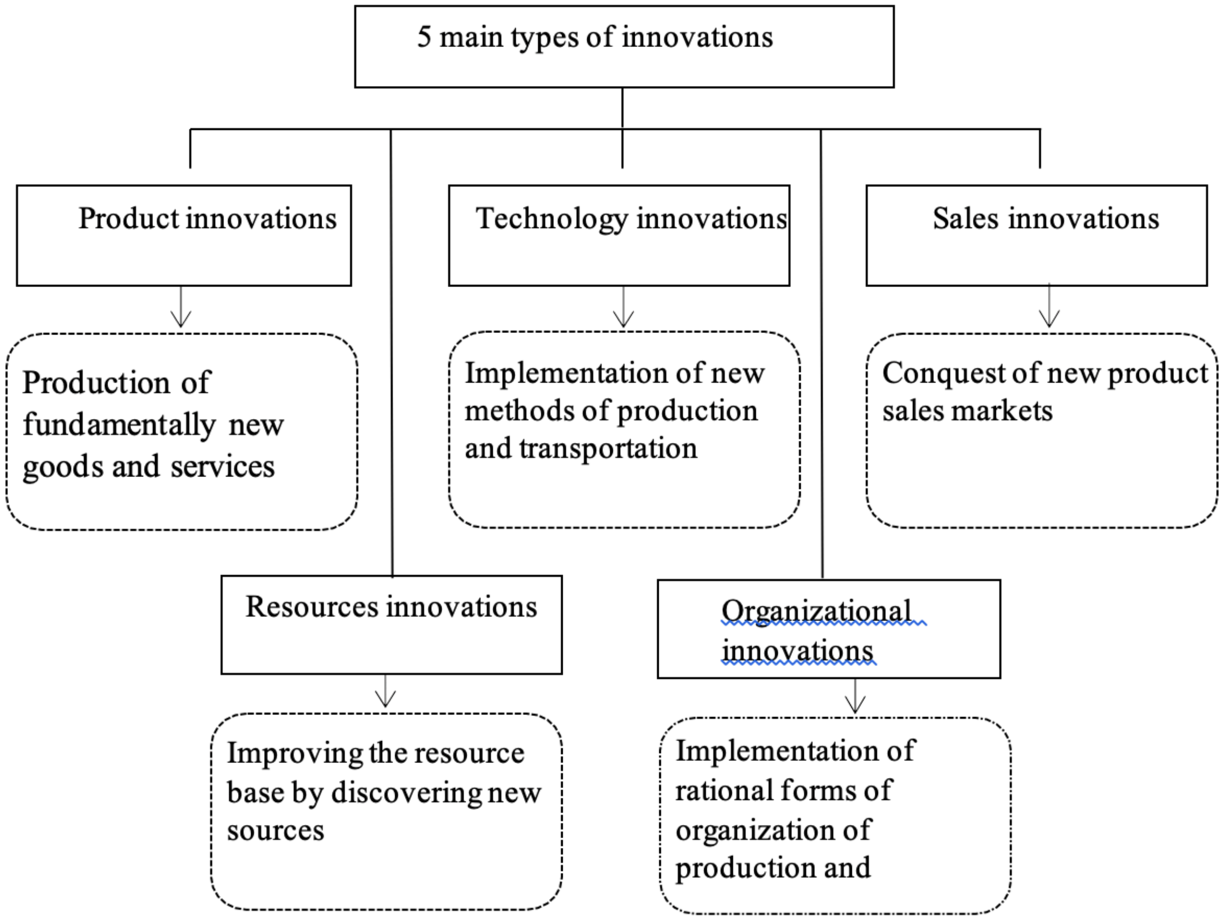


Figure 1.2 – Types of innovations
Source: built by the author based on [34]

Through innovation, companies can surmount trade-offs and achieve goals that other companies cannot. These objectives are associated with the creation of goods or services that are superior in price or quality to rivals.

Fatkhutdinov R.A. describes innovation as the ultimate result of the implementation of innovations designed to achieve a goal and having financial, social, scientific and technical consequences. [65, p. 16].

Kantorovitch L.V. said, that innovations are considered to be scientific revelations or inventions that have a intended practical purpose and have a social, economic or political effect in the endeavors they are involved in [30, p.150].

Zultovsky V. and Martin J. in their book "The Importance of Innovation" define innovation as the process of obtaining ideas, selecting and implementing them into practical projects that have a positive effect on the fulfillment of necessary requirements.

As such, innovation typically satisfies consumers' needs in the form of specific goods, services, information or other resources) and it also ensures efficiency in operation by optimizing the organization's structure and processes.

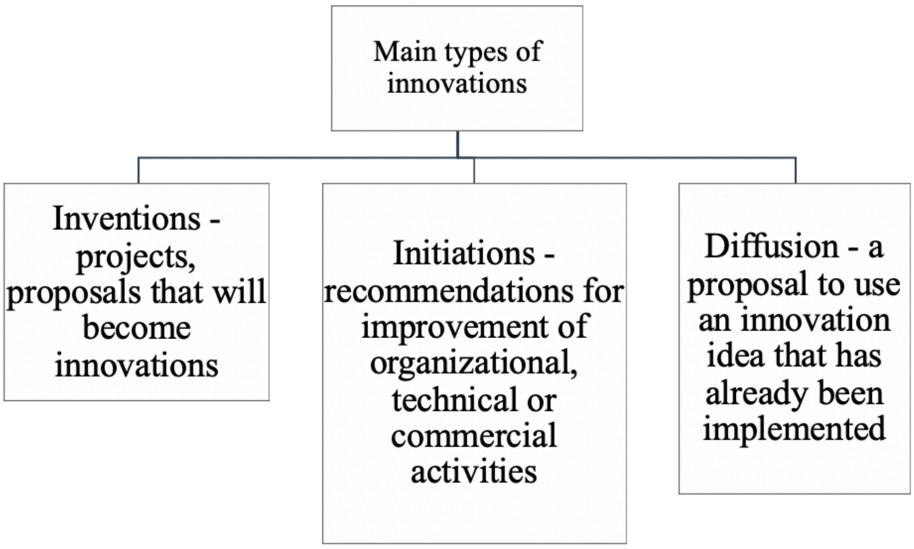


Figure 1.3 – Main types of innovations

*Source: built by the author based on* [60, c. 145]

Jobs S. insist that innovation was not dependent on the amount of money devoted to research and development (R&D). For instance, when Apple released the Mac, IBM devoted 100 times more resources to research and development. The entire purpose is intended for the employees alone [73].

Balabanov I.T. bielived Innovation is derived from the investment in new equipment or technology, as well as in new methods of organizing production, labor, service and management, all of these are new forms of control, accounting, planning and analysis. [30, c.148].

The term innovation is defined by the International Standard as the introduction of new processes or products, a novel marketing approach, or a fresh way of organizing a business. All of these instances exemplify innovation.

From the aforementioned concept, we understand that innovation represents the practical implementation of a specific idea. A crucial element of a company's operations involves funding innovation through gathered capital, resulting in either a qualitative or quantitative transformation in production techniques, sales, or business practices.

It is essential to differentiate between slight alterations to a product and its technological processes. Changes that are external or technical in nature, which do not impact the product's quality or cost, are not classified as innovations.

The uniqueness of a technology can be assessed by comparing it to the market and various other innovations. Innovations in products and processes vary based on the technological characteristics of the parameters they follow [37].

The concept of innovation can be categorized into three distinct ideas: first, innovation manifests as the outcome of an inventive endeavor that results in a novel or enhanced product, service, or process. Second, innovation viewed as a system encompasses enhancements that boost the system's efficiency, subsequently drawing in new customers.

Innovation is characterized as a process that involves converting ideas and possible scientific and technical advancements into tangible outcomes, resulting in the creation of new products or services, as well as the application of novel technologies and methods in managing business processes [62, c. 144]. While various approaches exist to define the concept of innovation, its worth can be enhanced through investments in new developments. The potential for boosting a business's profitability is significantly influenced by the thoroughness of its marketing, organizational, resource, and technological business processes.

Professors Clark K. and Christensen K. from Harvard Business School categorize innovation into three distinct types:

1) expanding existing products – these innovations broaden the market, enabling a larger segment of consumers to access services that were once limited to a small portion of the population (a recent example of this development can be observed);

2) promotion of new ideas – this category encompasses enhancements made to current products or services and represents the most prevalent aspect of contemporary innovation; and

3) innovations that boost operational efficiency by lowering administrative or production expenses, or those that focus on promoting products closely linked to the Internet, including specialized software systems that automate business processes, ultimately leading to cost savings.

The concept of "revolutionary product development," as outlined by scientists S. Widright and K. Clark, encompasses three distinct levels of innovation aligned with strategic objectives:

1) breakthrough – an entirely novel idea that lacks any prior examples in the global or business landscape, developed over an extended period and necessitating substantial transformations.

2) fundamental (“platform”) – essential innovations aimed at the medium term, utilizing current resources;

3) incremental (“additional”) – enhancement of current processes and services aimed at boosting operational efficiency (fig. 1.3)

A product or service that is considered innovative is one that introduces new features or significantly enhances existing capabilities. This can involve boosting the efficiency and speed of service delivery or even developing entirely new services. An illustration of this would be the enhancement of services through the Internet [57].

Process innovation refers to the implementation of a novel approach in the delivery or creation of a service or product that is significant or inventive. This leads to a decrease in the cost of a service or product.

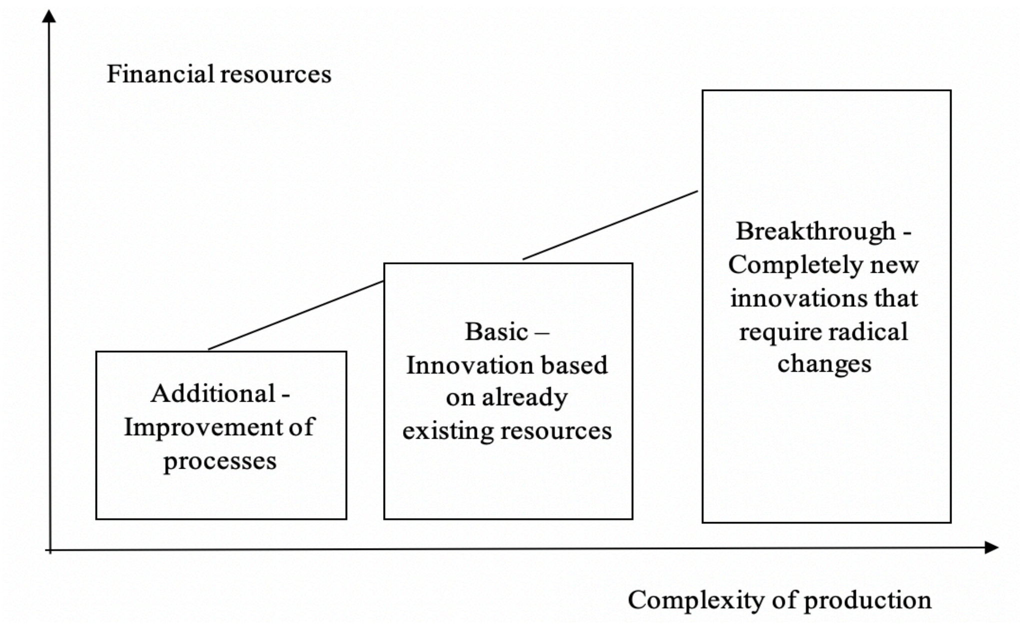


Figure 1.4 – Classification of innovation by Wheelwright S. and Clark K. (level of novelty)

*Source: built by the author based on* [78]

The introduction of a new marketing approach that entails substantial alterations in how a product is advertised in the marketplace is what is referred to as marketing innovation.

Innovations in marketing aim to more effectively meet consumer demands, create new market opportunities, and subsequently boost revenue. Here are some instances of innovative marketing within the business realm:

- Demonstrating products and services in advertisements while utilizing an online sales platform. - Altering the brand name by developing a new emblem that signifies the product's standing in a different market or evokes a specific perception.

- The adoption of tailored information systems enables clients to select products that align with their unique requirements. Organizational innovation involves integrating new methods into the company’s routine operations, including workplace organization and external relationships. Proactive examples of innovative organizations include:

- A database of advanced business practices will be created to introduce new training methods for employees and enhance their skills by selecting appropriate training materials and other resources accessible to them. - To implement this strategy, it will be necessary to incorporate quality improvement techniques within the education system and focus on enhancing quality.

The implementation of automated systems to handle both front and back office operations is being encouraged [59].

Times when organizations are trying to navigate the path of survival and success, they face challenges of various kinds. There are cross-currents of social change that surround the organization and affect its thinking and work in various ways. The very essence of society is undergoing a kind of change. The diversity of the workforce is reaching its peak, and cross-cultural contradictions are also growing. Social customs and norms are also experiencing a cataclysm. All of this naturally affects the managerial thinking and leadership behavior in organizations. In addition, there are trends of economic and technological change that encompass the boundaries of the organization from all sides.

Table 1.3 – Risks arising from the VUCA world from a business perspective

| VUCA element | Description | Example | Risks |
|---|---|---|---|
| Volatility | Rapid and unexpected changes with unclear duration, but not necessarily difficult to understand. The company is trying to keep up. | Price fluctuations after a natural disaster put sellers out of business | Outdated information. Too slow responses. Risk avoidance |
| Uncertainty | It is unknown what will happen and what will happen in the future. Possible surprises | A competitor's product launch is expected | Incomplete information refers to what worked in the past |
| Complexity | Too many variables and connected parts with unclear causes, effects, and interactions with a huge amount of information. | The business is represented in many countries with unique regulatory environments and cultures. | Unable to analyze Symptoms attract attention Only short-term fixes and quick wins |
| Ambiguity | A multitude of different perspectives and points of view, cause-and-effect confusion, inability to correctly interpret events and situations. Without precedents and unknown unknowns. | Immature or developing markets, new products outside the companies' core competencies | Misunderstanding the significance of events Failure to take appropriate action Misinterpretation |

Source [25]

Table 1.3 below presents the challenges and risks inherent in a volatile, uncertain, complex, and ambiguous world. Due to the variability of the environment, the challenges we face include outdated information, slower response times, and a tendency to avoid risks. Due to the uncertainty in the environment, we may have access to incomplete information and may feel a strong impulse to return to old ways of doing things. Complexity can lead to analysis paralysis, and companies may resort to short-term solutions. Finally, the ambiguity built into the VUCA world can prevent us from understanding the significance of events and taking appropriate action [24].

Competing in this VUCA world is a huge challenge for all organizations, whether large or small. The bigger the organization, the bigger the challenge. There is no panacea, rather everything is dictated by needs and contingency planning. The fundamental nature of things cannot be changed, and variability, uncertainty, complexity and ambiguity are woven into the very fabric of the cosmos that exists around us. The solution lies in visionary and transformational leadership, the ability to formulate a specific strategy and embrace changing technological advances, to keep pace and be aware of the environment and, above all, to be sensitive to even the smallest changes in the business environment and prepare for them accordingly. Strategists around the world are busy developing new business models that are needed from time to time. The pace of technological change is relentless, and the need to innovate and stay one step ahead of the competition is strong. The survival mantra is: either adopt or die. If corporations fail to adapt and adapt, they will either stagnate or cease to exist in the long term.

Managers in today’s world are busy developing new business models that are needed from time to time. The pace of technological change is relentless, and the need to innovate and stay one step ahead of the competition is strong. The mantra of survival is: either adopt or die. If corporations fail to adapt and adapt, they will either stagnate or cease to exist in the long term.

In a business environment that is changing at such a rapid pace, organizations cannot afford to plan too far ahead. They need to think “here and now.” Business leaders and organizational leaders need to conduct a SWOT analysis from time to time because their strengths today may become weaknesses tomorrow, and vice versa; what is an opportunity today may become a challenge tomorrow, and vice versa. This is a case of 24x7x365 firefighting, trying to find a balance between maintaining a state of operational readiness in the present while simultaneously preparing to remain strategically strong in the face of challenges that may harm us in the future.

The main reason for concern is that there is no clear roadmap for the future. Indeed, there is almost zero visibility of the road ahead. At best, organizations can simply have a hazy and blurred vision of the future. This is a situation of uncertainty of the highest order. Any misadventure can have serious negative consequences in this situation and essentially jeopardize the very survival of the organization. Nevertheless, a strong sense of what can be called “future awareness” is critically necessary in the organizational thinking process. The organization’s strategic thinking team must “feel” the future while being present.

There are various models and paradigms that organizations rely on to develop their business strategy in a VUCA world, and one of them has attracted widespread interest is the “Three Horizons Model.” This framework attempts to put the organizational thinking process into perspective and offers a way out of the maze of the VUCA world (Figure 1.5).

Horizon One is when companies begin to recognize that the world around them is no longer what it used to be, and that their “business as usual” has outgrown its relevance. This is the point at which organizations begin to experiment with new ways of doing things. Horizon Two is the point at which business leaders begin to think about stepping outside their comfort zone. In other words, they are being pushed and forced to abandon their “core competency” of their business, the market for hoses is shrinking, the thing their organization does best but no longer enjoys the patronage of customers that it once did. Horizon Two is the point at which business leaders are forced to make tough decisions about abandoning their tried and tested ways of doing things and replacing them with new-age fads and methods. Horizon

Three then comes. Organizational leaders have now woken up to reality and see it all around them as clearly as day. Innovative business ideas and reengineering concepts that were previously in the conceptual stage are now being translated into physical reality. The concept of the "business as usual" organization has now been fundamentally and thoroughly revised and restructured and is being steadily implemented.

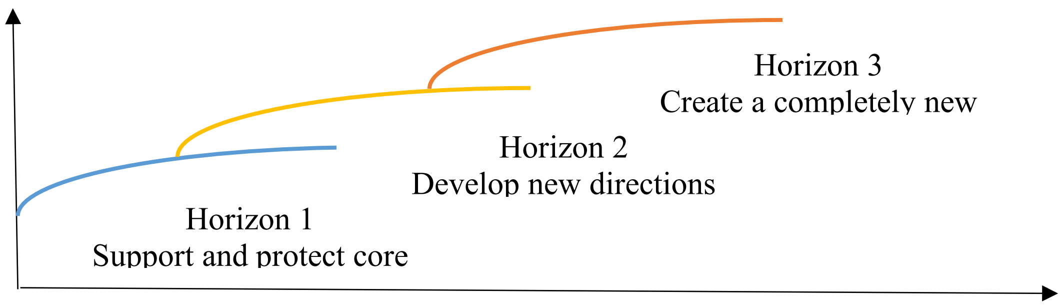


Figure 1.5 – Three-Horizon Model
Source [26]

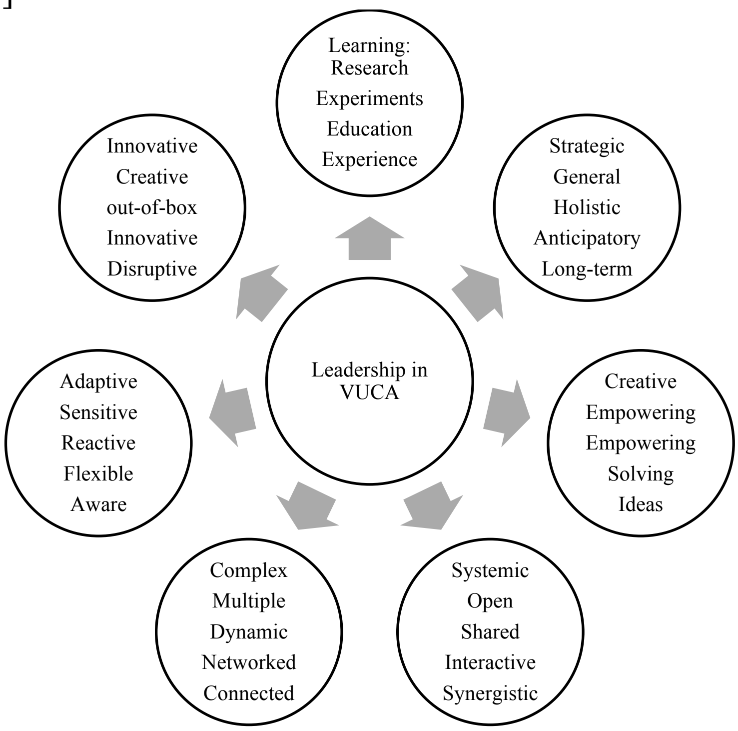


Figure 1.7 – Leadership Characteristics in a VUCA World

Source [27]

Leaders today and tomorrow must operate in a state that futurist Alvin Toffler called "future shock" in his book of the same name, published in 1970. "In very simple terms, the concept was an indication of the state of affairs in which human society would find itself at the turn of the century, when change would overwhelm human society with such dizzying speed that it would be unable to comprehend it. The future upheaval is no longer in the future, it is already around us, and leadership, like any other human phenomenon, must survive in this very "future shock" state." [28] The leadership required today must be different from that of yesterday. Leaders must necessarily change in accordance with ever-changing demographic and psychographic characteristics (Figure 1.6).

The leader-follower equation is no longer linear, but rather has several variables introduced, making it very complex and difficult to interpret. The task of leadership is now more focused on managing uncertainty, dealing with risk and ambiguity, and adhering to the unwritten rules of the game, as there are almost no precedents left. As Alvin Toffler said: "Society is undergoing a huge structural change, a revolution from an 'industrial society' to a 'super-industrial society'. This change has shocked people. The accelerated pace of technological and social change has left people disconnected, suffering from overwhelming stress and disorientation – shocked by the future. Most social problems are symptoms of future shock." Pimpilur also highlighted in her work how effective leadership can align with the critical factors of VUCA to ensure sustainable organizational growth [29]. Balasurbramanyan credits process innovation, agile strategy, and responsible leadership as solutions to overcome the challenges presented by VUCA [30].

## Conclusions for chapter 1

As a result of the analysis, we generalized the term "competitive strategy", which is a long-term complex that includes interrelated measures aimed at gaining competitive advantages, ensuring a favorable competitive position and the desired level of competitiveness

One of the important components of building a company's strategy is the implementation of a multi-level structure that is hierarchically organized to achieve specific goals. Achieving competitive advantage creates a clear advantage that allows enterprises to compete effectively and succeed in the continuous struggle for dominance in the food market. The requirements for a competitive strategy are determined, the types of competitive strategies are generalized, the criteria for determining the competitive advantages of an enterprise and the stages of developing a competitive strategy are summarized.

The essence of innovations is revealed, their types by the level of novelty and place in social exchange. The problems of implementing innovations and competitive strategies in conditions of uncertainty are considered.

The risks arising from the VUCA world from a business perspective are identified, and accordingly a model of behavior and leadership characteristics in the VUCA world is formed.

An important component of creating a competitive strategy for a company is the study of environmental factors to identify both threats and opportunities that may hinder or contribute to achieving the main goal. In addition, this stage of analysis helps to determine the current stage of the industry's life cycle, including the features of its structure and essence, assess the scale of competitors' activities, etc., which will be discussed in the second section.

# CHAPTER 2
# COMPETITIVE ENVIRONMENT OF THE ORGANIZATION FOR THE PRODUCTION AND SALE OF SEMI-FINISHED FOOD PRODUCTS AS A FACTOR FOR FORMING INNOVATIONS.

## 2.1. The market for the production and sale of semi-finished food products: current development trends.

In Ukraine, the food industry is considered an important component of the agro-industrial complex and has always been a priority for the country. This industry is strategically important, as it provides the population with basic food products, plays an important role in the development of agriculture and has a strong export potential due to its unique characteristics:

- food products are essential goods, as they are necessary for life.
- demand for products is consistently high.
- production largely depends on the availability of raw materials, especially those that change depending on the season.
- a common problem is the inability to transport certain raw materials and finished food products due to physical and economic constraints.
- obvious close ties with agriculture.
- investors consider the food market very attractive due to its significant capacity, which is a defining feature of the food industry.
- the ability to adapt to the constantly changing needs of consumers is of great importance, as indicated by statistics indicating that

The uniqueness and adaptability of food industry sectors is largely influenced by the interaction of raw material and consumer factors. Unlike non-food industries, the food industry is more homogeneous, therefore it is easier to classify, since all products have a specific end use. The food industry covers more than 20 industries, such as sugar, flour, meat, dairy, bakery, butter, confectionery, alcohol, pasta, brewing, fish, wine, grain, canning and tobacco, as well as 40 different industries, as reported in [31].

The importance of the food industry during the war in Ukraine is explained by its key role in the overall production and sale of goods, the significant tax revenues it generates for the state, and its ability to export. According to the State Statistics Service of Ukraine, the volume of production, namely the production of industry as a whole, the processing and food industries (Fig. 2.1).

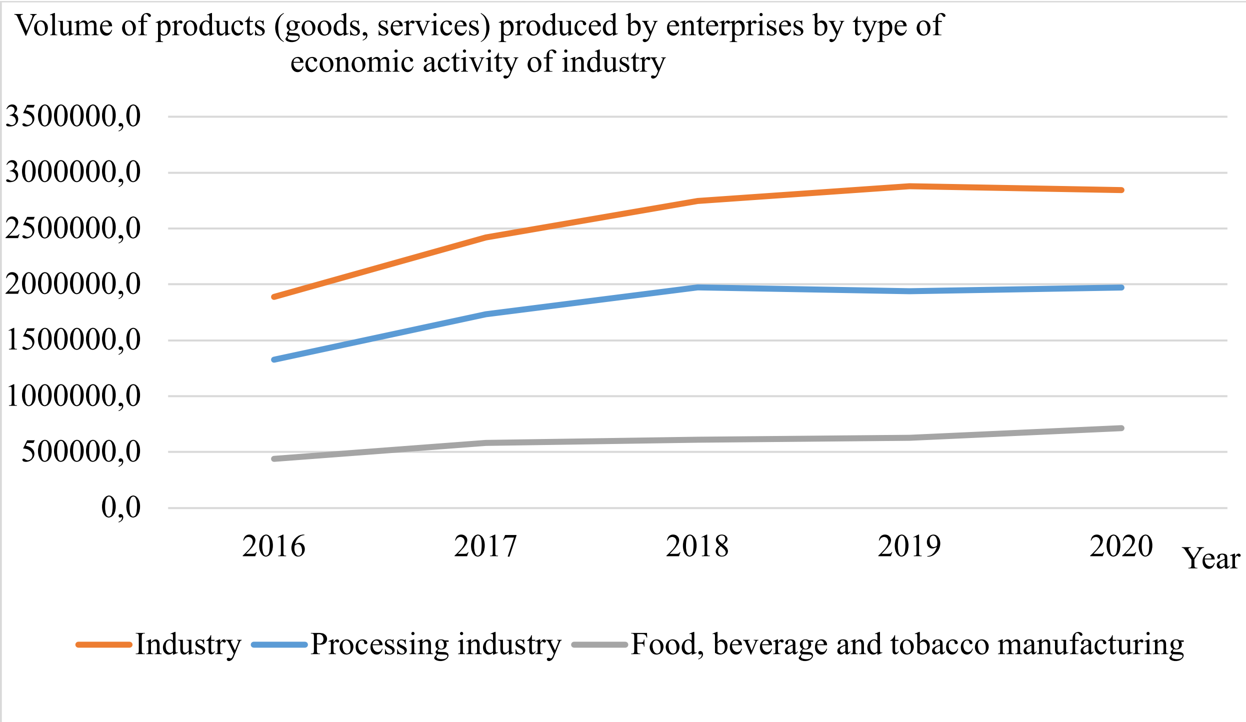


Figure 2.1 – Volume of manufactured products (goods, services) of enterprises by types of economic activity of the Ukrainian industry for the period 2016-2020 (Compiled by the author based on [32])

The figure shows that the volume of production is growing throughout the selected period, although there is a noticeable slowdown in 2020. Let us consider the structure of the industry, which is summarized in Table 2.1, from which it can be seen that the share of small enterprises in the industry as a whole increased from 7.4% in 2016 to 9.21% in 2020. But similar indicators for the processing industry 9.05% in 2016. to 10.6% in 2020, and in the production of food products this indicator is almost unchanged and is 5.95-5.68%. This may indicate a more complex nature of the activities of enterprises that produce food products, beverages and tobacco products, and a greater level of state regulation of these types of activities than for the industry as a whole for objective reasons.

Table 2.1 - Structure of production of products (goods, services) of enterprises by their size by types of economic activity of the industry of Ukraine for the period 2016-2020.

| | Years | Total | Of them, in % | | |
|---|---|---|---|---|---|
| | | | large enterprises | medium-sized enterprises | small businesses |
| Industry | 2016 | 100,00 | 55,40 | 37,20 | 7,40 |
| | 2017 | 100,00 | 57,97 | 34,69 | 7,33 |
| | 2018 | 100,00 | 58,83 | 33,15 | 8,02 |
| | 2019 | 100,00 | 55,80 | 35,75 | 8,45 |
| | 2020 | 100,00 | 55,57 | 35,21 | 9,21 |
| Manufacturing industry | 2016 | 100,00 | 50,74 | 40,21 | 9,05 |
| | 2017 | 100,00 | 53,03 | 38,13 | 8,84 |
| | 2018 | 100,00 | 54,12 | 36,31 | 9,57 |
| | 2019 | 100,00 | 52,67 | 37,08 | 10,25 |
| | 2020 | 100,00 | 50,27 | 39,12 | 10,60 |
| Food, beverage and tobacco manufacturing | 2016 | 100,00 | 48,01 | 46,05 | 5,95 |
| | 2017 | 100,00 | 52,38 | 42,34 | 5,28 |
| | 2018 | 100,00 | 54,08 | 40,07 | 5,84 |
| | 2019 | 100,00 | 54,21 | 40,08 | 5,71 |
| | 2020 | 100,00 | 55,17 | 39,15 | 5,68 |

(Compiled by the author based on [32])

Consider the sales volumes presented in Figure 2.2. We see that sales volumes generally increased from 2016 to 2022, but we see a decline in 2022 for industrial and processed products, and sales volumes for food, beverages, and tobacco products began to decline in 2020. Consider the structure of sales by enterprise size.

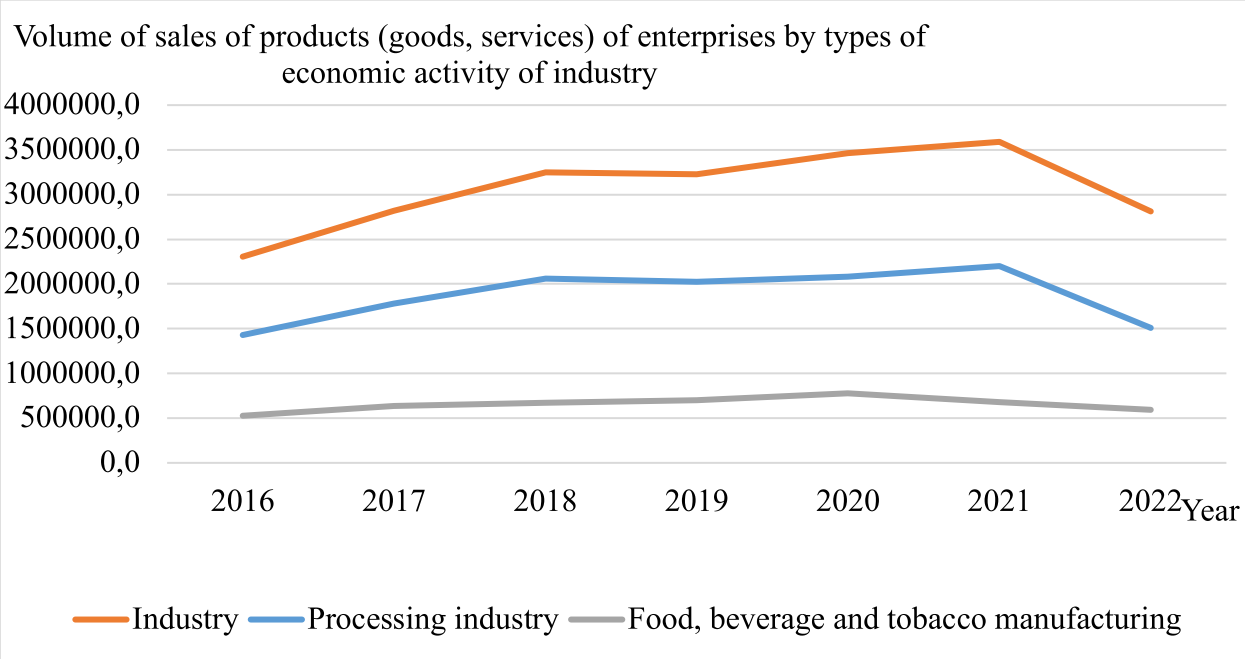


Figure 2.2 – Sales volume of products (goods, services) of enterprises by types of economic activity of industry for 2016-2022, million UAH. (Compiled by the author based on [32])

Table 2.2 – Structure of sales of products (goods, services) of enterprises by their size by types of economic activity of the Ukrainian industry for the period 2016-2022.

| | Years | Total | Of them, in % | | |
|---|---|---|---|---|---|
| | | | large enterprises | medium-sized enterprises | small businesses |
| Industry | 2016 | 100,00 | 55,40 | 37,20 | 7,40 |
| | 2017 | 100,00 | 57,97 | 34,69 | 7,33 |
| | 2018 | 100,00 | 58,83 | 33,15 | 8,02 |
| | 2019 | 100,00 | 55,80 | 35,75 | 8,45 |
| | 2020 | 100,00 | 55,57 | 35,21 | 9,21 |
| Manufacturing industry | 2016 | 100,00 | 51,99 | 38,95 | 9,05 |
| | 2017 | 100,00 | 52,78 | 38,20 | 9,02 |
| | 2018 | 100,00 | 54,48 | 36,21 | 9,31 |
| | 2019 | 100,00 | 54,14 | 36,83 | 9,03 |
| | 2020 | 100,00 | 50,28 | 39,60 | 10,12 |
| Food, beverage and tobacco manufacturing | 2016 | 100,00 | 52,24 | 42,21 | 5,55 |
| | 2017 | 100,00 | 53,95 | 41,06 | 4,99 |
| | 2018 | 100,00 | 55,54 | 39,33 | 5,13 |
| | 2019 | 100,00 | 56,98 | 38,44 | 4,58 |
| | 2020 | 100,00 | 55,04 | 39,81 | 5,15 |

(Compiled by the author based on [32])

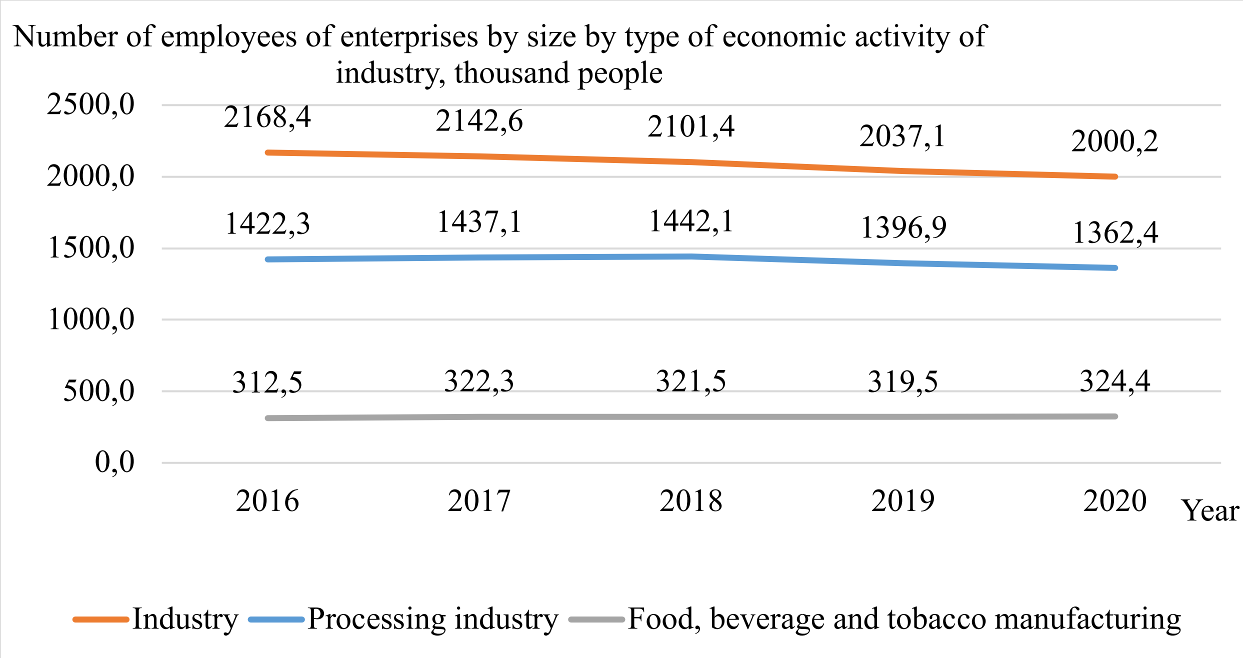


Figure 2.3 – Number of employees of enterprises by their size by types of economic activity of industry for 2016-2020, thousand people (Compiled by the author based on [32])

Table 2.3 – Number of employees of enterprises by their size by types of economic activity of industry for 2016-2020, in percent.

| | Years | Total | Of them, in % | | |
|---|---|---|---|---|---|
| | | | large enterprises | medium-sized enterprises | small businesses |
| Industry | 2016 | 100,00 | 35,91 | 51,53 | 12,57 |
| | 2017 | 100,00 | 34,70 | 51,96 | 13,34 |
| | 2018 | 100,00 | 34,78 | 51,42 | 13,80 |
| | 2019 | 100,00 | 34,98 | 52,06 | 12,96 |
| | 2020 | 100,00 | 34,40 | 50,70 | 14,90 |
| Manufacturing industry | 2016 | 100,00 | 26,32 | 57,62 | 16,07 |
| | 2017 | 100,00 | 25,33 | 58,00 | 16,67 |
| | 2018 | 100,00 | 25,98 | 56,88 | 17,13 |
| | 2019 | 100,00 | 27,60 | 56,55 | 15,84 |
| | 2020 | 100,00 | 25,47 | 56,36 | 18,17 |
| Food, beverage and tobacco manufacturing | 2016 | 100,00 | 19,94 | 68,03 | 12,03 |
| | 2017 | 100,00 | 23,33 | 65,28 | 11,39 |
| | 2018 | 100,00 | 23,76 | 64,98 | 11,26 |
| | 2019 | 100,00 | 24,95 | 65,35 | 9,70 |
| | 2020 | 100,00 | 26,73 | 61,74 | 11,53 |

(Compiled by the author based on [32])

The structure of sales of products in the selected areas of activity shows the same trends as in the production of products. Let us consider the number of employees in these areas of activity, which are shown in Figure 2.3. It can be seen that in general, the number of employees in the industry sector is decreasing, which is also observed in the processing industry. At the same time, the number of personnel is increasing in the production of food products, beverages and tobacco products. The structure of employment in the selected areas of activity by size of enterprises is presented in Table 2.3.

Based on the data in Table 2.3, the structure of employees in enterprises by size shows that the largest share of employees is employed in medium-sized enterprises. But the share of small enterprises is higher than the share of production and sales of products, even in the production of food products, beverages and tobacco products. As a result, we can say that small enterprises are less productive than medium-sized and even more so than large enterprises. Let us analyze the number of enterprises, the dynamics of which is presented in Figure 2.4.

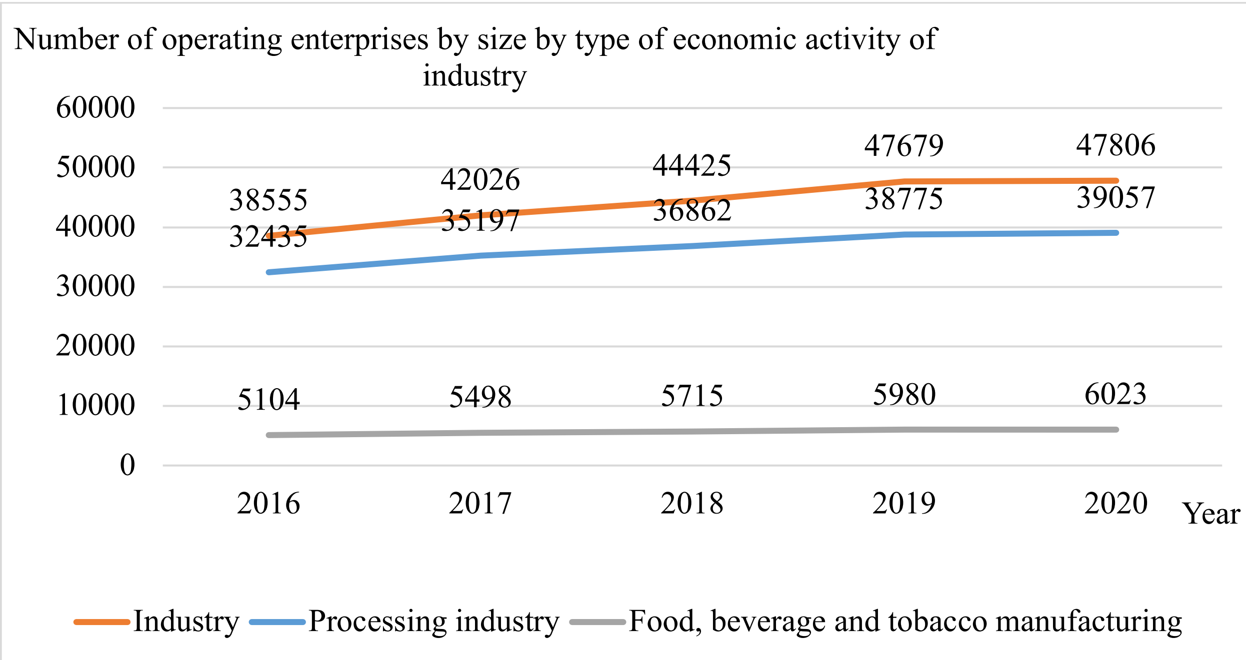


Figure 2.4 – Dynamics of the number of operating enterprises by their size by types of economic activity of industry (Compiled by the author based on [32])

Figure 2.4 shows that the number of enterprises is growing evenly across all types of activity (industry – 124%, processing industry – 120%, food production – 118%).

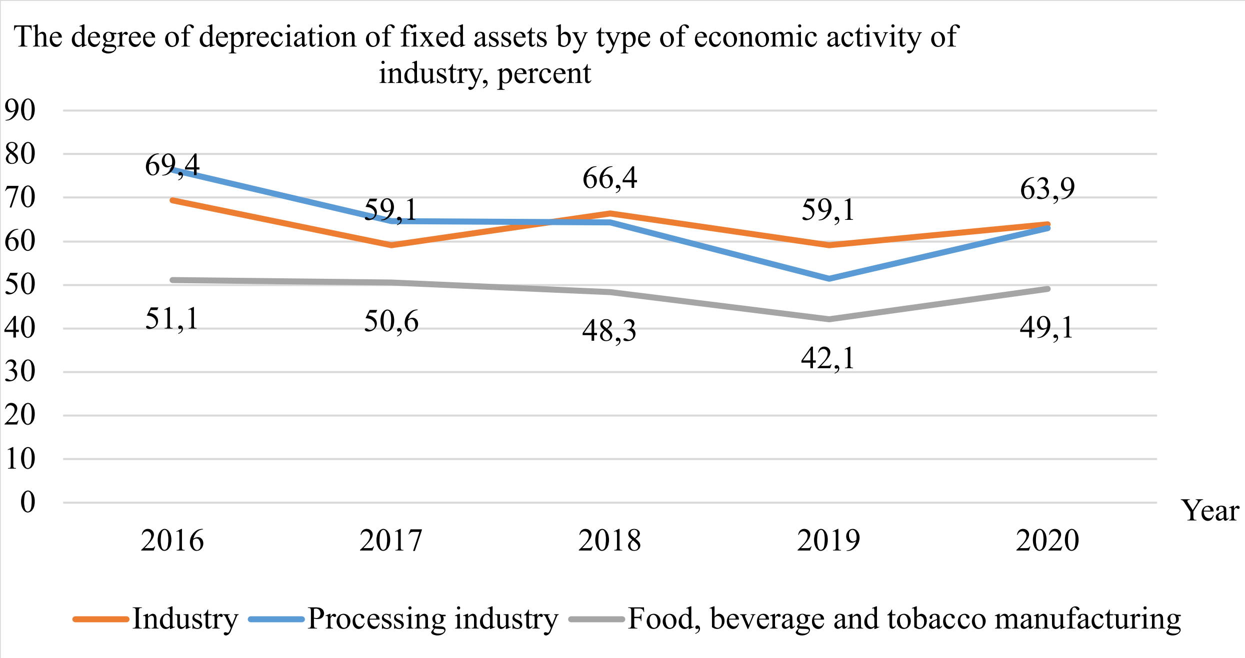


Figure 2.5 – The degree of depreciation of fixed assets by types of economic activity of industry for 2016-2020, in percent

(Compiled by the author based on [32])

An analysis of the degree of depreciation of fixed assets of enterprises by type of economic activity is shown in Figure 2.5, which shows that in general the level of depreciation is decreasing and this is a positive trend. However, the production of food products stands out positively, which has a depreciation level 10% lower than the industry as a whole, although it has decreased slightly.

In Ukraine, the popularity of global food trends is growing, in particular the trends of healthy eating and eating on the go. One of the trends that is rapidly gaining popularity, especially among the younger generation, is the concept of "outsourcing" food preparation. As an example, many consumers are now choosing to buy pre-portioned bags of rice for convenience. Despite the fact that this option is significantly more expensive, with a price tag 60-70% higher than regular rice, it remains a promising and increasingly popular trend.

Over time, more and more Ukrainians find it difficult to devote time to cooking, and instead choose frozen semi-finished products that can be easily and quickly reheated. Some even decide to buy ready-made meals from trusted sources.

The main demographic group of people who buy semi-finished meat products is the age group of 25 to 65 years and accounts for 48.5% of the population of Ukraine. This provides an advantage for the manufacturer, as it prioritizes quality and expands its product line to meet the needs and expectations of its customers.

Consumers have long had a stereotype that frozen products packaged for sale should be inexpensive. This perception persists despite the increased quality control and increased product safety requirements established by the state. In recent years, manufacturers of semi-finished products have become more concerned with the importance of their reputation, which has led to an increase in the quality of their products.

At the moment, the main goal of marketing semi-finished products is to change the consumer's perception of semi-finished products. In particular, this involves moving away from the prevailing belief that minced meat always consists of MMO (a mixture of ground bones with a minimum amount of meat), as well as soy and meat, the shelf life of which is expiring.

The emergence of low-quality refrigerated semi-finished products has caused great distrust among consumers, and companies have felt it acutely. To combat this, it has become necessary to implement marketing campaigns that familiarize the consumer with the quality of the semi-finished product and dispel any preconceived ideas. These campaigns are aimed at highlighting the benefits of the product and encouraging a "new" consumer perspective.

Unlike other countries, such as the United States, stores in Europe have separate sections dedicated to a wide range of popular convenience foods. This can be explained by the long-term trust in both the manufacturers and their products. In addition, the percentage of working women plays a decisive role in the popularity of such convenience foods. As our society also moves towards this trend, when personal time becomes less and less, the task of cooking will become more difficult.

Today, Ukrainian women increasingly prefer not to cook, but to do something else. Similarly, men also follow this trend, increasingly preferring ready-made or partially prepared meals from supermarkets. As it currently stands, most working men and women rely on the same supermarkets for their daily meals.

One reason for this phenomenon is that the Ukrainian convenience food market has gradually developed over the past two decades through a network of chains. Much of the credit for this development can be attributed to the culinary workshops operating in supermarkets. Market leaders, including Shmyhelska Natalia, claim that nowhere: neither in Europe nor in the USA have they seen such a highly developed culinary art as in Ukraine. The prosperity of enterprises specializing in frozen semi-finished products in Ukraine depends on two crucial factors: the purchasing power of the population and the level of inflation. Often, manufacturers are forced to use deceptive strategies when creating semi-finished products in order to ensure an acceptable level of profit. In some cases, outright imitation is also a potential scenario.

Consequently, large companies pay great attention to preserving their image and strive to distinguish their products from the norm. This differentiation can take the form of enriching dumplings with vital nutrients and minerals or creating larger dumplings with more minced meat. Several corporations market their products as homemade or handmade to appeal to consumers looking for a more authentic culinary experience.

During the quarantine, the market for ready-made chilled and frozen meat products shrank significantly from late March to late April. Instead, many people decided to buy raw meat and poultry in bulk, as there was enough time to cook at home.

As a result of careful monitoring of the market for semi-finished products in Ukraine, it became possible to classify it by product type. The majority, which accounts for 65% of the total market volume, is occupied by pelmeni, varenyky and similar products. Frozen semi-finished meat products occupy 19% of the market, and pancakes, chebureks, banderyki and other similar products occupy 12% of the market. Finally, cheese products occupy 4% of the market share. Before ordering market analytics for your technical task, we recommend that you familiarize yourself with the typical structure of a marketing research [33].

When studying the Ukrainian market for semi-finished products, certain features of this particular industry were identified:

- a significant degree of competition between operators at a high level.
- products originating from Ukraine dominate the market due to their competitiveness when it comes to pricing, outperforming imported goods.

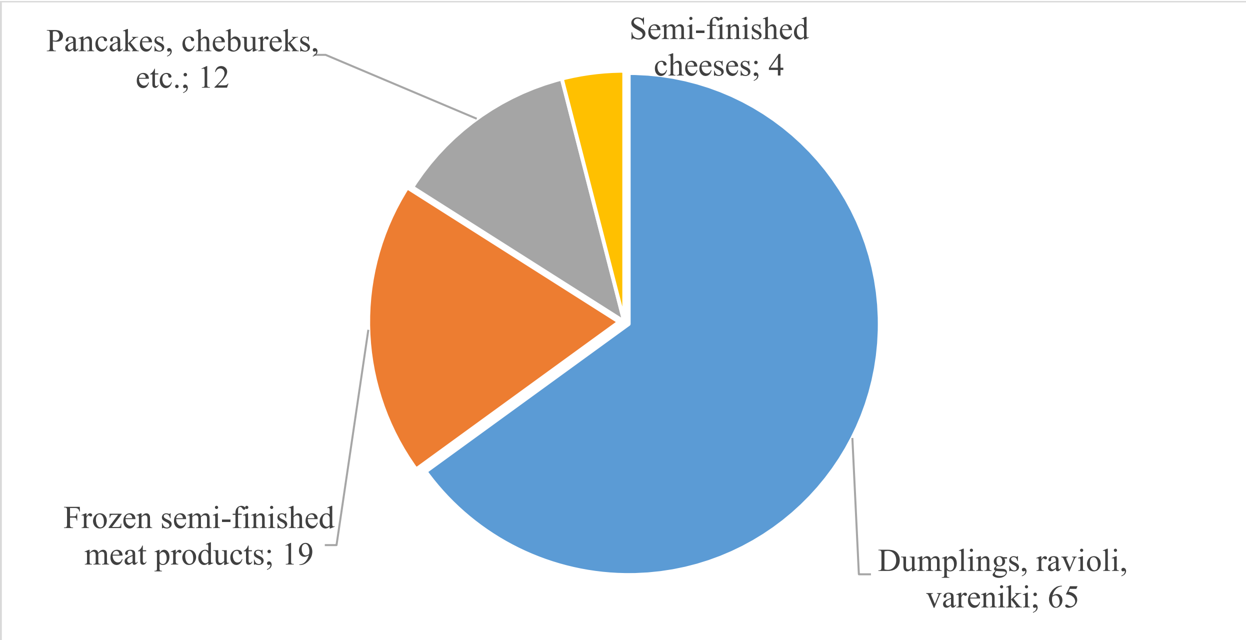


Figure 2.6 – structure of researched semi-finished products in Ukraine, in kind expressed in %

Analyzing the Ukrainian market of semi-finished products, it was found that consumers were influenced by the growing popularity of the concept of healthy eating in society. As a result of this trend towards a healthy lifestyle, domestic consumers have:

- recently, more and more attention has been paid to the composition of semi-finished products. It is better to choose products without breading and with a minimum amount of flour.
- the meat in question is an intact piece, and not chopped into small pieces.

- to reduce meat consumption, it is recommended to limit the consumption of packaged meat products.

- the number of people buying cheese-based products, including, but not limited to, cheesecakes and casseroles, is constantly growing.

After the start of the large-scale Russian invasion, there was a noticeable reduction in production in the market of semi-finished products in Ukraine. This was largely due to the closure and destruction of various enterprises that were located in combat zones or in territories occupied by opposing forces.

As a result of a thorough study of the market of semi-finished products in Ukraine, hypotheses were put forward regarding its further development until 2025. The main variables that will influence the market are as follows:

- fluctuations in actual incomes of the population.

- current trends in consumer behavior in the field of public catering indicate a significant surge in the popularity of fast food and catering establishments outside the home.

- meat market conditions - quality and cost of products and raw materials, market structure;

- the presence of basic logistics infrastructure, including warehouses and transport, specially designed for this purpose;

- in Ukraine, considerable attention has been paid to improving meat processing technologies and their availability.

According to some forecasts, the market of semi-finished products in Ukraine will grow at an average rate of 4.5% per year in the medium term, but will not be able to fully recover to the pre-war state by 2025 [34]. Much will depend on the state of the consumer audience - the number of the population and its purchasing power. In the event of a prolonged impact of crisis factors, accompanied by a decrease in consumer income, the structure of the semi-finished products market in Ukraine will shift towards an increase in the share of cheaper products - from chicken and with a lower cheese content.

## 2.2. Modern competitive strategies of organizations manufacturing and selling semi-finished food products in Ukraine

After the full-scale aggression of the Russian Federation against Ukraine and the occupation of its territory, some enterprises were forced to relocate, some ceased operations, and others were physically destroyed. Ukraine's economy depends mainly on small, micro, and medium-sized enterprises, which, according to the State Statistics Service, accounted for almost 99.9% of all economic entities in 2020 and contributed 55% of GDP. Available data indicate that small and medium-sized enterprises have suffered significant losses, unlike large enterprises, which are more resilient during crises, as evidenced by the relatively small number of large enterprises that have ceased operations. However, the market is now stabilizing, and more and more small and medium-sized enterprises are adapting to modern circumstances [35].

The Innovation Development Center reports that 40% of operating enterprises in Ukraine have been partially or completely destroyed. This percentage, however, varies greatly depending on the region, with the highest level of physical destruction in eastern Ukraine – 64%. At the same time, in the Western and Northern regions of the country, most enterprises have experienced a reduction in production volumes or are operating at partial capacity – 57.5% and 57%, respectively. In the Center of Ukraine and the South, the percentage of such enterprises is 45% and 47%, the smallest in the East – 29%. If we take into account the entire country, then only 11.5% of enterprises managed to maintain or increase production volumes. The largest concentration of such enterprises is in the West of Ukraine – 17%, and in the South of Ukraine – the largest number of enterprises that increased production volumes – 2.4%. In total, 17.1% of enterprises in Ukraine expect the same or higher level of income in 2021 [36].

Typically, only 2% of businesses move abroad. However, the majority of businesses that do move, about 40%, move from the eastern regions to safer areas of

Ukraine. It should be noted that the number of businesses that have reoriented themselves to export rather than serving the domestic market exclusively has increased. Currently, 38% of businesses are export-oriented, with 6% already exporting before the war, and 16% just starting to follow this path.

The Innovation Development Center of the Entrepreneurship and Export Development Office Diya conducted a study in October 2022 through its business agency division Advanter Group. According to the data received, the main obstacles preventing business recovery are currently the increase in the cost of raw materials and supplies, as reported by 70% of surveyed businesses. Interruptions in the supply of electricity, water and heat were also the main problem, reported by 56% of respondents. In addition, 54% of businesses reported the lack of a sufficient number of solvent customers for the domestic market. Lack of capital was also a significant problem, reported by 51.2% of respondents. In addition, 37.8% of the surveyed companies cited the inability to predict the situation in Ukraine as another obstacle, and 34.8% cited unpredictable actions of the state as the main concern, the inability to attract credit resources – 33%, high levels of taxes and fees – 27.3%, etc. [37].

War is a specific type of crisis that is inherent in the country as a whole. Thus, the most important course of action would be to implement crisis management tools, adapt business practices to the current situation, and ensure sufficient employment opportunities and financial support for the economy. One way to achieve this is through a business reengineering process that involves changing internal and external logistics, production, marketing and sales strategies, as well as after-sales service. The use of reengineering as a tool for combating crises is beneficial in the following aspects [38-40]:

- encouraging the cultivation of outside relationships as a means of solving problems in high-pressure situations;

- creating the necessary conditions in the organization for the acquisition of a centralized information system that is structured according to certain procedures;

- encouraging senior management to distribute responsibilities and create an operational grouping system is a priority.

- creativity and innovation as key elements of motivation;

- the optimal approach to effective management is a combination of centralized coordination of strategy by senior management and decentralized implementation of decisions [41].

According to data calculated using the World Bank's PDNA methodology, losses from a military invasion of the industry as of July 1, 2022 are estimated at $8.1 billion. This figure exceeds 4% of Ukraine's GDP for 2021, more than 6% of their total assets and 25% of the total equity of all components of Ukraine's industrial sector in the third quarter of 2021. In particular, the production of food, beverages and tobacco products suffered losses of $1,040.1 million, or 13% of the total losses of the industrial sector.

To create fresh logistics chains, the government of Ukraine created the National Food Safety Platform. This platform unites regional officials, manufacturers, producers, retail chains, suppliers and global organizations to ensure the needs of citizens, military personnel of the Armed Forces of Ukraine and territorial defense in necessary food products and goods [37]. In August 2022, the Ministry of Agrarian Policy and Food of Ukraine published data that the number of users registered on this platform exceeded 5,500 participants. Of these, manufacturing enterprises make up the majority - 32%. In a regional breakdown, the largest share of capacities is occupied by the Odesa region - 11%, followed by the Mykolaiv and Dnipropetrovsk regions - both with 8%. These figures are consistent with those published in reference [37].

Since the beginning of the war, many food industry enterprises have demonstrated a more optimistic forecast for the economic environment in Ukraine compared to other sectors. According to a study by the Institute for Economic Research, the best business environment index in September was for food industry enterprises – 0.04. At the same time, the overall business environment index for all sectors was recorded at -0.23.

Farmers in Ukraine are struggling with a serious problem in the form of storage facilities for the harvest. The destruction and damage caused by the war led to the fact that more than 15% of grain storage facilities were destroyed or damaged, that is, every sixth grain storage facility was affected. Although there are enough elevators for the 2021 harvest, the suspension of exports means that storage facilities will be needed for the 2022 harvest. It is expected that 67 million tons of grain and oilseeds will be harvested in Ukraine, as of November 18, farmers have harvested almost 40 million tons of grain. To help Ukrainian farmers, the United States Agency for International Development (USAID) has launched a program that will provide grain storage services to more than 2,000 Ukrainian enterprises. This project involves the supply of more than 8,000 disposable polymer sleeves for grain storage, 29 grain packaging machines and bunkers-transferrs. In addition, as part of this initiative, modular warehouses with a total capacity of up to 80,000 tons will be installed.

When Ukraine implements its recovery policy in the future, it would be advisable to introduce state initiatives that would support research projects aimed at increasing the efficiency of production, storage, transportation and processing of goods. In addition, it would be useful to create an atmosphere that would promote investment in the food industry sector, as well as introduce motivational factors for farmers to research and apply innovative methods and technologies. It would also be advisable to provide financial incentives to increase the competitiveness of the food industry, create simplified long-term financing programs for entrepreneurs, and strengthen logistics chains aimed at exporting products. To increase the competitiveness of products in both domestic and foreign markets, it is important to introduce mandatory implementation of international food standards and safety systems.

To achieve full membership in the EU, Ukraine must fulfill its international obligations set out in the Association Agreement with the EU. As a result, on October 17, 2022, the Ministry of Justice of Ukraine registered an order approving the Hygienic Requirements for Quick-Frozen Food Products Intended for Human Consumption [37,42, 43].

Due to the outbreak of the war, the government was forced to make certain legislative changes to facilitate business operations and provide support for local businesses. These changes range from financial assistance to the optimization of tax and customs policies. In addition, the state introduced a moratorium on inspections, and the “Affordable Loans 5-7-9” initiative, which was launched in 2020, expanded credit opportunities for entrepreneurs. This program also allows loans at 0% interest. A significant, albeit temporary, measure was the abolition of the excise duty on gasoline and diesel fuel imported into Ukraine. A 7% duty was imposed on imported goods during martial law, and the European Union abolished anti-dumping duties on our exported goods for a year. In addition, the government introduced the State Program for Supporting Business Relocation in nine western regions of Ukraine.

For small businesses, the issue of improving business activity is crucial when modeling competitive strategies. This process should be carried out by highly qualified industry specialists. However, only companies with sufficient financial resources, mainly medium-sized or large enterprises, can afford such an approach. Unfortunately, most small businesses cannot. As a result, they do not have the necessary knowledge to properly conduct business in adaptive conditions and do not use such strategies in their practice. There is no doubt that the consequences of this problem for both small businesses and the economy of the community, region, and state as a whole are significant. However, it should be emphasized that the severity of this difficult situation in Ukraine is not yet fully understood by either managers, the business community, or experts. In order to meet the requirements that are placed on small businesses in the process of adapting to change, each strategy can be identified by a set of specific indicators. These indicators have been combined into four main categories:

- a product that is characterized by its specific parameters.

- management of a small business involves establishing specific parameters of the management system;

- the market - covers the external environment in which the enterprise operates, including the economic and geographical boundaries that define it. This applies to various parameters that affect the company's activities and growth.

- financial condition and potential investment - the company's capabilities are assessed on the basis of its financial indicators and attractiveness to investors.

Undoubtedly, in our opinion, any adaptive development strategy will lead to the transition of the enterprise to a new state, which will manifest itself in the modification of the values of the above indicators. If we simplify this concept, we can distinguish four types of adaptive strategies that are usually used for the development of small enterprises:

- the goal of the innovation strategy is to improve the product, and in some cases even replace it. This process takes into account not only the physical properties of the product, but also its intangible qualities.

- the goal of the management strategy is to increase the efficiency of the management process.

- the goal of the market strategy is to change the company's position in the business market.

- the goal of the investment strategy is to increase the cash position and attractiveness of the enterprise.

In order to effectively develop small businesses in the food industry, we have proposed a series of adaptive strategies, which are described in detail in Table 2.4. These strategies were developed taking into account the specific context of government reform, which makes them practical and applicable to current conditions. In fact, it is rare to find any adaptive strategy used in isolation in a company’s operations. In addition, each strategy has the potential to simultaneously affect several areas of business performance. The four adaptive strategies we have proposed are no exception, as they are designed to affect change in several areas simultaneously, with a special emphasis on the main direction of the table.

Table 2.4 – Adaptive strategies for enterprise development

| Characte-ristic | Strategy | | | |
|---|---|---|---|---|
| | Innovative | Administrative | Market | Investment |
| Development indicators | - small obstacles to the development of the industry;<br>- the potential for waste processing through technology and innovation is limitless;<br>- creation and promotion of scientific and technological research, research and implementation of new concepts;<br>- high level of technical and technological base;<br>- optimal use of resources | - raising the professional acumen of employees;<br>- the level of qualification of the organization's management;<br>- social responsibility - ethics,<br>- implementation of new organizational and management structures.<br>- improvement of the labor motivation system. | The concept of market competitiveness<br>- significant market growth rates;<br>- significant market volume;<br>- level of satisfaction and advocacy of the enterprise's customers;<br>- image among business partners; | - ability to attract financial resources for the implementation of the strategy;<br>- investment activity;<br>- change in the main indicators of the company's activities;<br>- stabilization of the financial and economic condition of the company |
| Implementation goals | - strengthening market positions through the development of new or improving existing products. | - increasing stability both in the market and in production; - reducing risks associated with financial factors. | - expansion of untapped markets;<br>- increasing the competitive advantages of organizations;<br>- expanding export opportunities. | - increase in profitability;<br>- commercialization of innovations;<br>- development of research and development of the company;<br>- stabilization of the financial condition of the company. |
| Development direction | - product improvement. | - improving the management system. | - change in the company's position on the business market | - increasing the investment attractiveness of the company. |
| Disadvantages of implementation | - lack of highly qualified personnel;<br>- possibility of reducing production capacity. | - the need to change the management system;<br>- improving the organizational structure of the company;<br>- costs for education, advanced training | - product adaptation to new markets;<br>- increased costs, both financial and production. | - too high expectations regarding change;<br>- searching for possible partners or investors;<br>- aligning the interests and needs of the firm's stakeholders. |

| | | | | |
|---|---|---|---|---|
| | | and retraining of workers;<br>- improving the adaptation of management and social. | | |

In practical application, it is rare to find each adaptive strategy implemented separately at a given enterprise. In addition, each of these strategies can lead to changes in several indicators in different departments at the same time.

Thus, we can say that the current competitive strategies today are focusing on certain products and their improvement. Based on the strategies of M. Tracy and F. Wiersem, the current strategy is the leading position in new products and functional advantage.

## Conclusion for chapter 2

In Ukraine, the food industry is considered an important component of the agro-industrial complex and has always been a priority for the country. This industry is strategically important, as it provides the population with basic food products, plays an important role in the development of agriculture and has a strong export potential due to its unique characteristics.

Analysis of the dynamics of food production shows that it is growing throughout the selected period, although there is a noticeable slowdown in 2020

Statistical analysis indicates the complex nature of the activities of enterprises that produce food, beverages and tobacco products, and a greater level of state regulation of these activities than for the industry as a whole for objective reasons.

The volume of sales of food products in general increased from 2016 to 2022, but we see a decline in 2022 for industrial and processed products, the volume of sales of food products, beverages and tobacco products began to decline already in 2020.

The analysis of the number of personnel shows its increase in the production of food, beverages and tobacco products.

Global food trends, in particular healthy eating and food on the go, are growing in popularity in Ukraine.

During the quarantine, the market for ready-made chilled and frozen meat products shrank significantly from late March to late April. Instead, many people decided to buy raw meat and poultry in bulk, as there was enough time to cook food at home.

When studying the Ukrainian market of semi-finished products, certain features of this particular industry were revealed:

- a significant degree of competition between operators at a high level.

- products originating in Ukraine dominate the market due to their competitiveness when it comes to pricing, surpassing imported goods.

As a result of a thorough study of the market of semi-finished products in Ukraine, hypotheses were put forward regarding its further development until 2025.

The main market trends after the start of a full-scale invasion were identified. Also identified are the changes that must occur to comply with the requirements of EU countries for food products. At the same time, the state supports the industry by reducing the tax burden and simplifying formalities.

Adaptive strategies for the development of enterprises in conditions of uncertainty are identified and proposed. Thus, it can be said that the current strategies of competition today are focusing on certain products and their improvement. Based on the strategies of M. Tracy and F. Wiersem, the strategy of leading position in new products and functional advantage is relevant.

# CHAPTER 3
# COMPETITIVE STRATEGY OF THE ORGANIZATION "GALYA BALUVAN" IN THE CONDITIONS OF INCREASING UNCERTAINTY.

## 3.1. Competitive strategy of the organization "Galya Baluvana": identification, selection factors, performance indicators.

The first store "Galya Baluvana" was opened in February 2019, at the height of the coronavirus pandemic. The founders invested about 35 thousand euros and are building a network for the sale of frozen semi-finished products in Ukraine. The store was prepared for four months. The concept and menu of the establishment were developed by the famous Lutsk restaurateur Yuriy Khazipov, with whom the entrepreneur collaborated in the restaurant business.

The main feature of the "business under glass" model is that the food is immediately prepared and frozen in the store. Visitors can watch the entire process.

Having opened his fifth store, he decided to expand not at the expense of his own funds, but by exercising the rights to use the trademark and the possibility of using the recipe. That is, through franchising. Today, the chain has 250 partners with 700 stores in Ukraine. Founder Matviychuk has 13 retail outlets. In the first year alone, about 300 franchise stores were opened. This is the second result on the market after the Nova Poshta franchise.

After several years, the network covers the whole of Ukraine. The cost of launching one outlet with franchise production is about 40,000 euros. The entrepreneur believes that the payback period of the store is about 12 months. Many people who signed franchise contracts in their cities opened several other locations in their cities after some time.

In just four years, Lutsk entrepreneur Volodymyr Matviychuk created one of the largest franchise business networks in Ukraine.

In 2022, Matviychuk banned the sale of the Galya Baluvana brand in Ukraine. Now the main problem is growth.

This decision was made after the network covered all major cities in Ukraine, the entrepreneur began to expand its activities to foreign markets. The war became the catalyst for creating a network outside the country. More than 100 entrepreneurs have already created a business under the Galya Baluvana brand in 25 different countries.

For export, the entrepreneur franchises a workshop and a store selling semi-finished products under the MultiCook trademark. Twenty of the company's points are already operating abroad, he says.

Both networks have different names, as well as different goals. When creating Galya Baluvana, Matviychuk aimed to serve those who are dissatisfied with the work they receive, want to open their own business and do not know where to start.

A feature of foreign expansion is that Matviychuk sells franchises to Ukrainians at a price that is almost twice the cost in the domestic market.

"Many people I talked to about opening Galya Baluvana in Ukraine emigrated abroad. They asked if we intended to penetrate foreign territories. That is how the concept of global expansion appeared, the entrepreneur explains.

Now 60% of the network members are former managers, the entrepreneur is happy about this. The goal of MultiCook is to demonstrate to the world that Ukrainians are not only dedicated workers, but also skilled entrepreneurs. It was also planned to employ fellow citizens who fled the conflict.

Matviychuk maintains relations with franchisees on the principle of "challenging the co-owners of an apartment building," he says. Each partner has the opportunity to choose the supplier, raw materials and variety of products that, in his opinion, are necessary for his retail trade. The same principles are followed when setting prices.

The businessman believes that the war did not affect either income or growth. He states that no store in Ukraine made a profit.

“This is a business related to the production of food, a basic human need, so the niche has not decreased. One issue is the temporary occupation of territories and the destruction of stores associated with the Russian invasion,” explains Matviychuk.

At that time, there were still about 50 stores in the occupied territory. Some entrepreneurs from these regions took their equipment with them, while others continued to run their businesses.

There were no problems with logistics after the start of the Great War, because every entrepreneur who founded a franchise business hired local suppliers.

“We had no problems with the supply of raw materials. We process a lot of meat, cheese products, vegetables and fruits. The chain has many local suppliers. We gave our partners free rein and they can choose their own suppliers,” notes the franchise owner.

Poland is the easiest country for Ukrainians to do business in. Poland has adopted a number of legislative acts that have equalized the rights of Ukrainian and Polish businessmen. The company provides partners with full legal support.

“While in Ukraine, you can register a company in Poland, register at the office, open a bank account, and create an electronic signature,” explains Matviychuk.

When selling a franchise abroad, an entrepreneur generally chooses Ukrainians as partners. Those who have either lived outside Ukraine for a long time or had to leave because of the war.

“We have a mission: to prove to the world that Ukrainian people are not just migrant workers and odd jobs. We want to demonstrate that Ukrainians can be successful entrepreneurs. That is why we have set the lowest conditions for a franchise.”

The company included in the cost of the franchise only the costs of scaling: the possibility of access to trade secrets that describe all aspects of the business, technological maps, discussions, training, etc.

Thus, the price of the franchise in Ukraine was 9 thousand dollars, and abroad - 5 thousand euros. This is a fixed rate, and each subsequent store is 1000 euros for the partner. The monthly royalty payment is 100 euros.

Among the people who founded a franchise business abroad, only 10 are foreigners. They are investors, and the owners of the companies remain Ukrainians.

As a rule, the Ukrainian partner of the company introduces the project to his friends and family members abroad, he takes full responsibility for the business and operational aspects, and the foreigner acts as an investor in the project. Ten of these cases have occurred. When foreigners apply directly and are refused.

The assortment of stores in different countries is unchanged, but some dishes are adapted to the preferences of a certain culture. Creating a new frozen product takes about 1000 euros.

The list includes more than 600 items. These are recipes of Ukrainian cuisine, recipes of other countries, restaurant dishes and dishes Sous Vide (slow cooking in a container), confectionery, sauces, ice cream.

The company does not stop at making pelmeni or varenyky. The main direction is the production of frozen products, this is a kitchen where you can cook both main dishes and desserts. The company helps create technology that makes it easier to defrost this food and cook it quickly.

The experimental kitchen of Lutsk has technologies that create dishes, implement tests and make traditional dishes more universal for new markets.

The approximate payback period for small stores located abroad is from six to eight months. This is almost as fast as in Ukraine before the war, although not as fast as in the USA. This is due to the greater ability of EU citizens to buy things.

Let us consider the main factors influencing the choice of strategy, in the current conditions. Table 3.1 presents the key factors influencing the choice of strategy

In connection with the study of possible factors involved in the creation of a financial strategy based on the proposed taxonomy of features, a table with four criteria was created that will allow us to determine the potential impact of a particular factor and the means to counteract it or adopt a positive approach.However, it is important to note that the number of factors is variable and can be changed, that is, transformed, in particular, external factors that have a direct negative impact, into a threat to activity, the root cause of which is uncertainty - the inability to influence the result of one's influence or even predict it.

Table 3.1 – Significant factors influencing the choice of strategy

| Description of factors | Description of factors | | | |
|---|---|---|---|---|
| | Positive influence | Negative impact | Negative impact | Positive influence |
| | Internal | External | Internal | External |
| Regular direct influence factors | Renewal of fixed assets. Qualified personnel and their sufficient motivation. Management efficiency. Innovativeness of activities | Insufficient level of scientific and technological development of infrastructure | Obsolescence of fixed assets. Unqualified personnel and their insufficient motivation. Ineffective management | High level of scientific and technological development of infrastructure |
| Irregular factors of indirect influence | Stakeholder involvement in company development planning processes | Political instability, including in terms of tax and monetary policy. Income, mobility and population. | Insufficient involvement of stakeholders in company development planning processes | State policy for the development of cities and territories. Development of suburban areas |
| Regular factors of indirect influence | Good location of the enterprise and sufficient infrastructure | Imperfection of regulatory and legal regulation | Poor location of the enterprise and lack of infrastructure | The level of economic development of the region. The development of the community economy. |
| Irregular direct impact factors | Population income, government spending (sufficient level) | Ecological condition of the community territory. | Household income, government spending (insufficient level) | Availability of facilities for other types of intercity and international transport |

(Compiled by the author based on [41])

Next, we will discuss the main indicators of the effectiveness of the strategy implementation, which are summarized in Table 3.2.

Table 3.2 - System of indicators of the effectiveness of adaptive development strategies

| № | Strategy | Development direction | Indicator |
|---|---|---|---|
| 1 | Innovative | Product improvement | Return on assets<br>Return on assets<br>Return on materials<br>Return on materials<br>Share of fundamentally new (progressive) products in their total volume<br>Share of products for which quality certificates have been obtained Ratio of product renewal<br>Product profitability<br>Profit from product sales<br>Ratio of growth of intangible assets<br>Level of innovation implementation and R&D |
| 2 | Administrative | Increasing management efficiency | Number of employees<br>Level of employee remuneration adequacy Level of employee social security<br>Coefficient of intellectual property security Advanced training index<br>Labor productivity<br>Effectiveness of strategic enterprise management Conflict index<br>Coefficient of social and psychological climate |
| 3 | Market | Changing the company's position in the market | Advertising and sales promotion effectiveness ratio<br>Relative market share ratio<br>Sales profitability<br>Load ratio<br>Finished goods inventory ratio |
| 4 | Investment | Strengthening the financial condition and forming the investment attractiveness of the enterprise | Absolute liquidity ratio<br>Quick liquidity ratio<br>Financial independence ratio<br>Financial dependence ratio<br>Equity agility ratio Financing ratio (financial stability)<br>Financial stability ratio<br>Ratio of working capital with own working capital<br>Ratio of non-current and current assets Return on assets ratio<br>Ratio of return on equity Return on investment in the enterprise Investment ratio<br>Investment coverage ratio |

(Compiled by the author based on [41])

To choose the ideal adaptive strategy for small business development in a changing environment, during regulatory and legislative changes, during decentralization of power, or, we have identified five main stages in defining an adaptive strategy (Fig. 3.1).

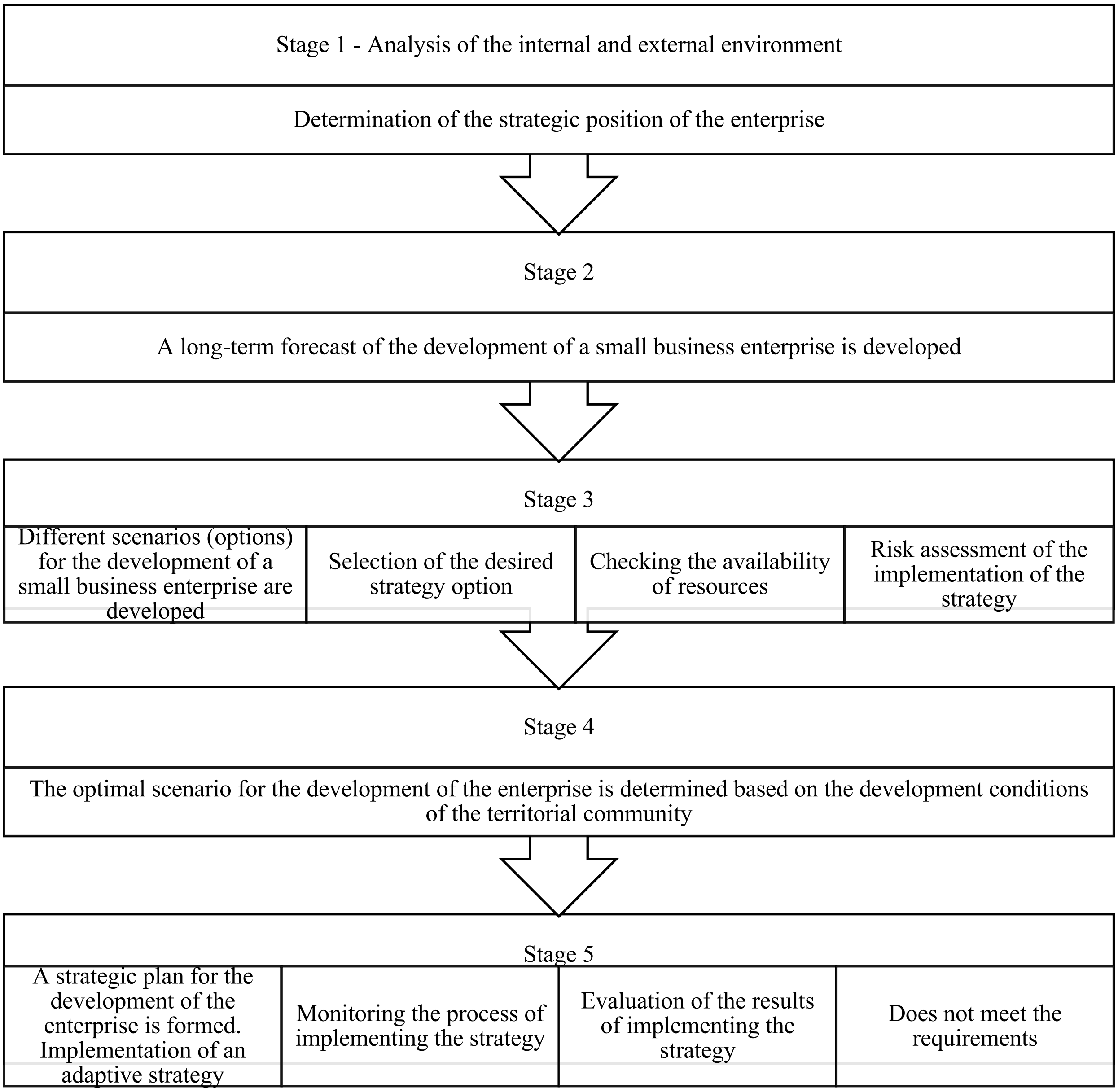


Fig. 3.1 – Scheme of building an adaptive strategy of a firm in conditions of uncertainty

(Compiled by the author based on the source [41])

At the first stage of developing a company's development strategy in relation to market conditions, the company's strategic position is determined: the external and internal environment of the company's functioning is assessed, favorable and unfavorable aspects of the external environment are determined, as well as the internal strengths and weaknesses of the company.

When assessing external factors, the main indicators of influence on the development of the enterprise are identified and those that will be considered. However, we believe that small business organizations, as a rule, lack the funds necessary for regular monitoring of environmental changes, and instead focus on changes that have a significant impact on the company's current activities, which are usually short time intervals.

Analysis of external factors affecting the economy is reduced to studying changes in consumer demand for products, the growth of market segments, the conditions for merging with other companies, suppliers and intermediaries, as well as proposals from specialists.

The description of the strategic nature of the market and the determination of potential development are carried out using the SWOT analysis method, which is derived from the internal attributes of the company and its external environment, these two factors together determine the unique attributes of the company and critical success factors.

At the second stage, the analysis of the situation in the company gave a long-term forecast of how they will develop. In addition, different approaches to development are expected: pessimistic, optimistic and the most practical approach to the development of the company.

At the third stage, various scenarios for the development of small business are created in the context of the most likely forecast.

If necessary, the mission and goals of the enterprise's economic activity are clarified again and the criteria for the effectiveness of its development are determined (market share, sales volume, profit size, level of unit costs, etc.). At the same stage, possible directions of tactical measures are determined, for example, using the "goal tree" method, which is the most common way to clarify goals and objectives.

The fourth stage is characterized by determining the optimal scenario for the development of a small business enterprise in adaptive conditions based on the selected criteria for the effectiveness of the enterprise's functioning.

At the fifth stage, a strategic plan for the development of the enterprise is formed, based on the optimal scenario for its development, developed at the previous stage.

This is a series of steps that involves choosing an adaptive strategy for the development of an enterprise. This sequence allows you to take into account the influence of the external environment, recognize current market trends and establish rules for the long-term development of the enterprise, taking into account potential resources, a system of relationships and a position in the market [44]. Ultimately, the main goal of implementing adaptive development strategies is to reorient small businesses from large to a more innovative path that will allow them to survive during the crisis and have a solid foundation for future success and market power.

As a rule, small business organizations in the food and other industries are anonymous. On the one hand, they have a high degree of instability, this is due to a high degree of competition and insufficient market position, lack of financial resources, a high shortage of qualified personnel due to the inability to provide them with wages comparable to larger companies, lack of technological capabilities, lack of funds for scientific research and other problems. On the contrary, small businesses often have an incredible ability to quickly respond to adverse changes in the market and survive in the most difficult conditions, despite the circumstances.

Successful businesses are those that have the ability to assess the current state of affairs faster than others, develop an adaptive strategy for change and overcome established stereotypes.

By analyzing the company's actions, we can conclude that the company "Galya Baluvana" uses a differentiation strategy in its product philosophy, as a result, it is obvious that the product range will be expanded to meet the needs of consumers. .

If we consider the company "Galya Baluvana" as a franchise model that offers certain instructions, intellectual property rights and the image of the company, then we can say that the company uses a focus strategy. The company focuses on a certain market segment, and cost leadership is also inherent, because we see a small cost of franchising, especially in the foreign market. Let's analyze the adaptability of the company's competitive strategies in terms of the possibility of improving the competitive strategy.

## 3.2. Funding innovative activities, that arouse for improving the competitive strategy of the organization "Galya Baluvana"

The previous sectoral export strategy for 2019–2023 recognized the main difficulties of the food and processing industry of Ukraine.

Constraints at the company level in the sector (low productivity, high costs, limited purchasing power in the domestic market; lack of experienced specialists); constraints related to the business environment (inadequate infrastructure; unsatisfactory pace of development of the agricultural sector; currency problems; technical problems, high cost of financing); market problems (imbalance in the national market; lack of competitive advantages in the domestic market; lack of market data; insufficient government support;

Changing nature of the food and processing industry worldwide. The global demand for food is estimated at approximately $10 trillion. The United States - this figure includes both food and services. Food sales are the total amount of food sales, while food services are the total revenue from food service: fast food, hotels, airlines and the public sector. The largest consumers of the food and processing industry are North America (USA, Canada and Mexico), the European Union and the Asia-Pacific region (including India, Japan and Australia). The value of each of these markets is estimated at approximately $1.9 trillion. As a result, these markets together represent about 60% of global demand. China is also an important market for us - it is estimated at about $1 trillion. The USA, which accounts for 10% of the world's food sales.

Although the final food market is divided between retailers and food service providers, distribution channels primarily differ: they direct the supply of food products to the final consumer, producers (ingredients); consumers of certain types of products (in the person of retailers or caterers); and also work through brokers who package products or resell them to the final consumer and producers. The traditional model of working through wholesalers and importers (who are actually involved as intermediaries in the sale and distribution of food products) has almost completely disappeared in the European Union and America, as retail chains and catering companies have replaced the intermediary role of wholesalers. and importers, this leaves the model as it is in all other regions. The integration of large supply chains is becoming increasingly important for ensuring global supplies.

Important trends in the global food market, as well as the processing industry of Ukraine, include:

1. Concentration of sales in certain sales channels;

2. Dissemination of food hygiene and safety standards.

3. Creation of a consumption culture that takes into account environmental issues.

4. Growing popularity of healthy and organic products.

Existing value chain. The value chain in the food industry is very large. This is primarily due to the huge number of products and their diverse uses, including the production of animal products, animal by-products, extracts and non-animal products.

In addition, these products can be used as food ingredients for final consumption, further processing or use in food recipes.

In Ukraine, food distribution is decentralized and can include both direct sales to consumers through primary products produced by producers, processors and/or food manufacturers (e.g., farm-to-retailers) and indirect sales through traders or wholesale markets. The main participants in the distribution chain in Ukraine are:

- Retail chains (retailers): supermarkets (national and foreign), wholesale and retail, shops in residential areas, local markets and street vendors, which distribute products to all regions of Ukraine.

- Wholesale food markets (fresh produce markets): these markets are located in large cities and consist mainly of products sold to other companies (e.g., the Shuvar market in Lviv is the largest market of this type in Ukraine). Other large fresh produce markets are located in Kyiv, Kharkiv and Dnipro.

- food and agricultural traders are active in Ukraine and act as intermediaries in the supply chain. However, they rarely participate in other activities and only ensure the collection of products from producers and their distribution. They do not function as trading hubs, do not process or sort products, do not provide discounts. They have not gained much popularity in Ukraine.

Increased sales and awareness at the national level. Inadequate promotion of Ukrainian food and processing industry products in foreign markets (including support from a trade officer): insufficient demand from the Ukrainian Ministry of Foreign Affairs for this type of specialist in business development and promotion of Ukrainian exports. There is a lack of skills, abilities and understanding of the relevant products and sectors. Even assuming that the sector is predominantly composed of large companies, there is a need to ensure access to market information in each country or at least information about companies capable of providing this information. It is extremely important to create a contact structure within the government to obtain this information. The lack of sufficient coordination and exchange of practical knowledge makes it difficult for businesses to convey the necessary information. This applies to both domestic and international business providers and professionals. Too much information is presented in a way that is unacceptable for businesses.

The food industry has huge export potential. Despite queues at the western borders and the maritime blockade, agricultural exports in January-July 2022 accounted for 45% of total exports.

According to the results of 2020, Ukraine ranks sixth in the world in food exports with a total volume of 74 million tons. For example, Canada exported about the same amount - 77 million tons. However, the value of Ukrainian exports was estimated at 22 billion. USD, and Canada - 55 billion USD. Such a significant difference is explained by the fact that Canada mainly exports pre-processed materials, while Ukraine mainly exports raw materials.

As a result, the most important priority for our industry in the post-war period should be the practice of simulating the processing of raw materials for export, that is, the export of goods that have a higher added value, so these products are 2-3 times more expensive. For example, the main imports from Ukraine are corn and wheat. Corn can be used to produce bioethanol, liquid starch, and other products. In particular, it is possible to increase the volume of niche products with a high margin - these are specialized proteins used in the cosmetic, pharmaceutical, and food industries. As a result, we can conclude that products with a high degree of processing are more in demand for export both for the country and for corporations. We observe that Ukrainian enterprises engaged in the processing of goods have to fight with foreign competitors for raw materials. As a result, these companies are more aggressive and can penetrate foreign territories, such as the company under study.

Let us analyze the competitiveness indicators of the company “Galya Baluvana” according to the following indicators, which are summarized in Table 3.3.

Thus, it can be seen that the strengths are the quality of products, a good image of the enterprise and products, which makes it possible to set higher than average prices, financial stability. The optimal strategy in conditions of uncertainty and the VUCA world is to differentiate the product range, as well as to focus on the target segment of the average and average plus with a strategy closer to the client according to M. Tracy, F. Wiersema. Let us consider the complex of strategic characteristics of the enterprise "Galya Baluvana"

Table 3.3 - competitiveness indicators of the company “Galya Baluvana”

| № | Indicator | Formula | Comment |
|---|---|---|---|
| 1 | Market share | 2-3% | Market share is small |
| 2 | Product quality | High | Product quality is high due to the concept of production at the point of sale and by qualified chefs |
| 3 | Price level | 1,1-1,2 | Prices are higher than average on the market due to the company's established brand and product quality |
| 4 | Assortment breadth factor | 1,2-2 | The range of products is constantly growing, each franchisee can expand the range of products by adding new dishes |
| 5 | Financial sustainability | Absolute liquidity ratio – 0.12, quick ratio – 0.92 | Financial sustainability indicators are not high enough and need to be improved |
| 6 | Distribution level | 0,8-0,9 | The biggest competitors sell their products through chain retail, most often the company works next to chain supermarkets. But not always. |
| 7 | Image (level of corporate culture) | High | The company's brand is trusted |
| 8 | Costs per 1 hryvnia of commercial products | 0,9 – 0,95 | Shows the amount of expenses in the company's revenue |
| 11 | Level of innovation activity | 1,1 | Indicates the number of innovations, which in turn shows how much a company can produce new products and remain innovative and maintain a competitive position. |
| 12 | Profitability | Return on assets – 0,3-0,4 | The indicators are average and guarantee the high investment attractiveness of the enterprise. |

Table 3.4 - Strategic complex "Galya Baluvana"

| № | Characteristic | Description |
|---|---|---|
| 1 | Target customer | Family, people 30+ who appreciate home-cooked meals, with an average - average plus income |
| 2 | The problem the company solves | The need for quality food that is relatively inexpensive, high-quality, and diverse. The range can also be expanded according to consumer demands. |
| 3 | Product | Semi-finished products for home consumption, filled dough products, flour products, semi-finished meat products |
| 4 | Promotion channels | Outdoor advertising, social media, integrated marketing communications, contextual and targeted advertising. |

Source: developed by the author

Let's consider the strategic complex of the enterprise from the point of view of selling a franchise.

Table 3.4 - Strategic complex of the franchise "Galya Baluvana"

| № | Characteristic | Description |
|---|---|---|
| 1 | Target customer | Beginner businessmen and experienced entrepreneurs who have clearly understood what business format suits them. |
| 2 | Problem the company solves | The need to create a business with guaranteed streams of profit, with a clear concept and products. |
| 3 | Product | A store near the house that sells semi-finished products, which allows the consumer to save time on cooking. |
| 4 | Promotion channels | Social media, integrated marketing communications, contextual and targeted advertising. |
| 5 | Event marketing | Holding events - seminars, online master classes, participation in exhibitions. |
| 6 | Expert marketing | Blogging, demonstration of franchise launch, speaking at events, video marketing, etc. |

Source: developed by the author

Formation of a set of strategies and summary in Figure 3.1.

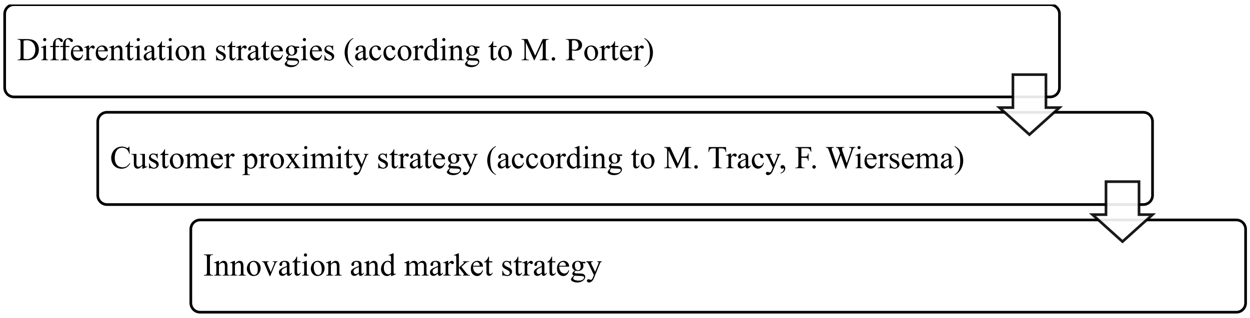


Fig. 3.1 – Strategic complex of the enterprise "Galya Baluvana"

Source: developed by the author

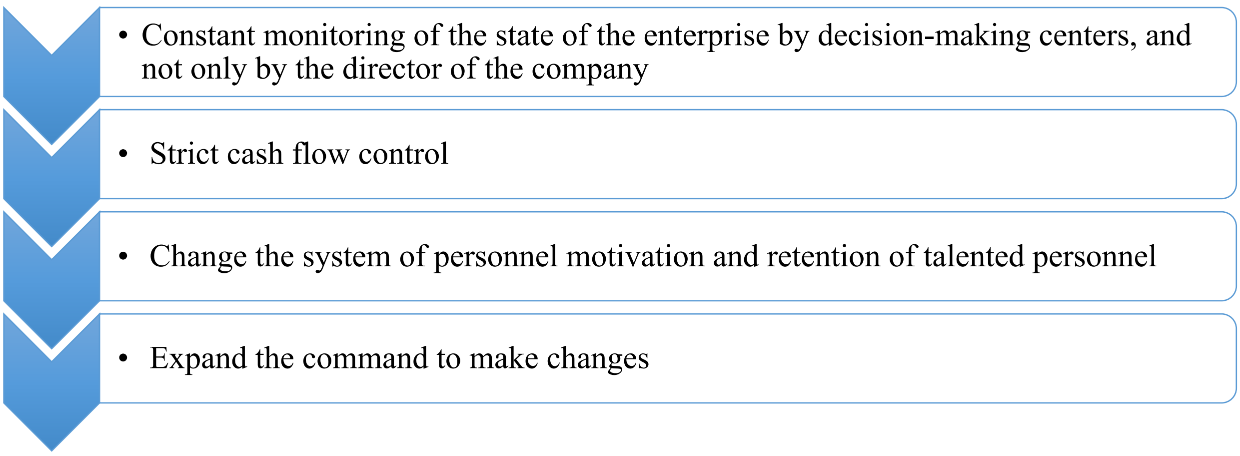


Fig. 3.7 – Measures to mitigate the impact of the economic crisis on the Galia Baluvana

Thus, we have formed a complex of competitive strategy for the company "Galya Baluvana", which reflects the calls of insignificance, such as the COVID 19 pandemic and war, which reflects the current trends in the development of the sphere a huge food service both in Ukraine and the world in general.

From the reinsurance anti-crisis strategies of the front line and strategic profile of the company, we can identify and establish new strategies that can mitigate the legacy of the crisis in the economy of Ukraine and everything to the world.

Well-established strategies and approaches make it possible to refine the activities of the enterprise and become ready for adaptation to the new minds of the modern world.

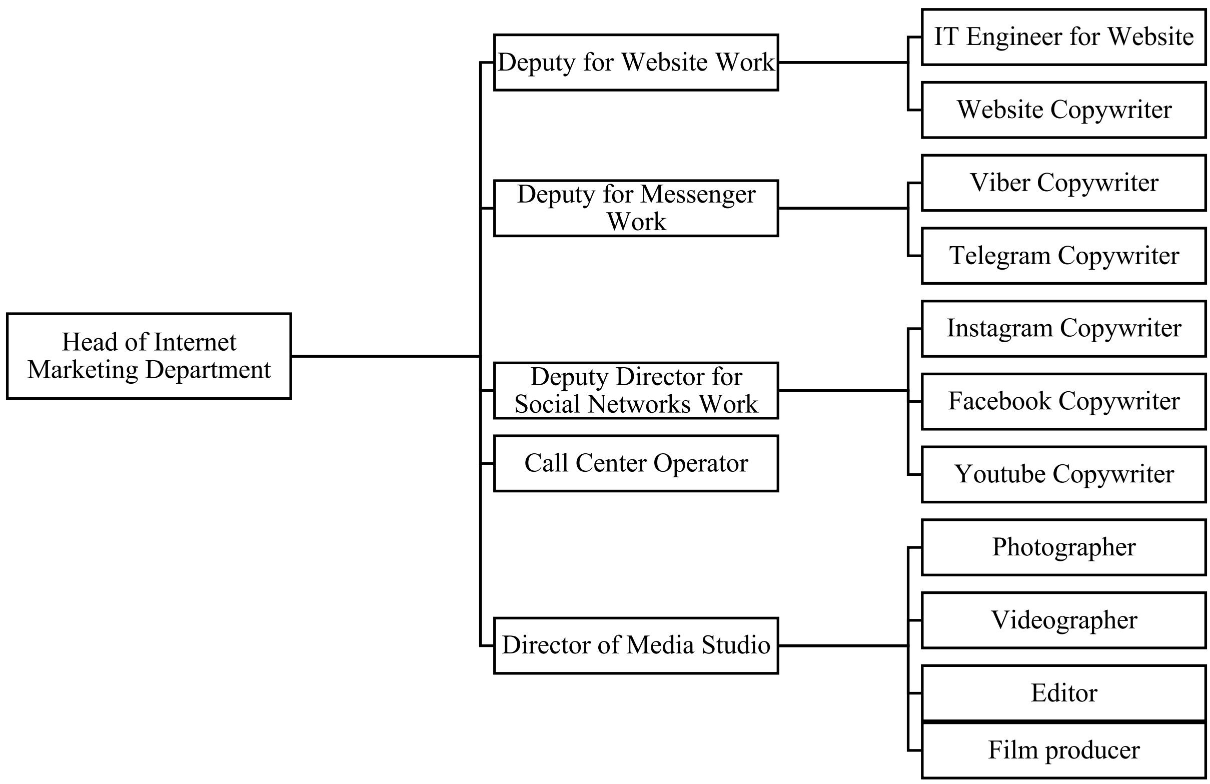


Figure 3.8 – Proposed organizational stracture of internet-marketing department

Thus, we see the possibility of developing the enterprise on the foreign market of Poland. To implement the above recommendations, the enterprise needs to implement certain changes, namely to create an Internet marketing department for Poland and a warehouse in Poland or to use a fulfillment center. Therefore, the emphasis should be placed on communication, therefore, a separate marketing department for the country of Poland is needed, which will implement most of the proposed innovations. The proposed structure of the department is presented in Figure 3.8.

Let us consider the costs associated with the implementation of the specified department, which can be divided into: equipment costs and costs for the formation of the payroll fund. Accordingly, they are summarized in Tables 3.5 and 3.6.

Table 3.5 - Equipment cost estimate

| № | Name | Quantity | Price | Total |
|---|---|---|---|---|
| 1 | Laptop | 19 | 40000 | 760000 |
| 2 | Computer (video editing, photo editing) | 2 | 120000 | 240000 |
| 3 | Printer | 3 | 5000 | 15000 |
| 4 | MS Office | 21 | 6000 | 126000 |
| 5 | Program "Protoshop" | 4 | 15000 | 60000 |
| 6 | Other special software | 1 | 75000 | 75000 |
| 7 | Tables for PC | 18 | 3000 | 54000 |
| 8 | Chairs | 20 | 1600 | 32000 |
| 9 | Office cabinet | 5 | 20000 | 100000 |
| 10 | Total | | | 1462000 |

*Source: developed by the author*

Table 3.6 – Estimate for the formation of the payroll fund

| № | Position | Quantity | Salary rate according to staffing schedule | Tital |
|---|---|---|---|---|
| 1 | Head of Internet Marketing Department | 1 | 40 000,00 | 40 000,00 |
| 2 | Deputy for Website Work | 1 | 25 000,00 | 25 000,00 |
| 3 | IT Engineer for Website | 1 | 35 000,00 | 35 000,00 |
| 4 | Website Copywriter | 1 | 32 000,00 | 32 000,00 |
| 5 | Deputy for Messenger Work | 1 | 26 000,00 | 26 000,00 |
| 6 | Viber Copywriter | 1 | 20 000,00 | 20 000,00 |
| 7 | Telegram Copywriter | 1 | 20 000,00 | 20 000,00 |
| 8 | Deputy Director for Social Networks Work | 1 | 25 000,00 | 25 000,00 |
| 9 | Instagram Copywriter | 1 | 20 000,00 | 20 000,00 |
| 10 | Facebook Copywriter | 1 | 20 000,00 | 20 000,00 |
| 11 | Youtube Copywriter | 1 | 20 000,00 | 20 000,00 |
| 12 | Call Center Operator | 5 | 18 000,00 | 90 000,00 |
| 13 | Media Studio Director | 1 | 38 000,00 | 38 000,00 |
| 14 | Photographer | 1 | 20 000,00 | 20 000,00 |
| 15 | Videographer | 1 | 25 000,00 | 25 000,00 |

| | | | | |
|---|---|---|---|---|
| 16 | Editor | 1 | 22 000,00 | 22 000,00 |
| 17 | Film producer | 1 | 25 000,00 | 25 000,00 |
| | Total | 21 | | 503 000,00 |
| | United social contribution, 22% | | | 110 660,00 |
| | Expenditures, total | | | 613 660,00 |

*Source: developed by the author*

As a result, we can say that the proposed recommendations will cost the company:

- equipment purchase costs – UAH 1,462,000 for five years.
- payroll costs – UAH 613,660 per month.

That is, the monthly cost will increase by UAH 613,660 and should lead to an increase in the company's income and profit, the Ukrainian company will have access to a client base that can be used in the future to promote the company's products and services.

## Conclusions for chapter 3

The factors of formation of competitive strategy of the organization "Galya Baluvana" were analyzed. The main feature of the "business under glass" model is that the food is immediately prepared and frozen in the store. Visitors can observe the whole process.

In just four years, Lutsk entrepreneur Volodymyr Matviychuk created one of the largest franchise business networks in Ukraine, approximately 700 stores. Today, the company is developing according to the franchise model and is concentrating its expansion on foreign markets.

The company included in the cost of the franchise only the costs of scaling: the possibility of access to trade secrets that describe all aspects of the business, technological maps, discussions, training, etc.

The assortment of stores in different countries is unchanged, but some dishes are adapted to the preferences of a certain culture. Creating a new frozen product takes about 1000 euros. The list includes more than 600 items.

The main indicators of the effectiveness of the strategy implementation and the scheme for building an adaptive strategy of the company in conditions of uncertainty are determined.

The main trends of the global food market, as well as the processing industry of Ukraine, are determined:

1. Concentration of sales in certain sales channels;

2. Dissemination of hygiene and food safety standards.

3. Creation of a consumption culture that takes into account environmental problems

4. Growing popularity of healthy and organic products.

An analysis of the competitiveness indicators of the company "Galya Baluvana" is carried out.

It is determined that the strengths are the quality of products, a good image of the enterprise and products, which makes it possible to set higher than average prices, financial stability. The optimal strategy in conditions of uncertainty and the VUCA world is the differentiation of the product range, as well as focusing on the target segment of the average and average plus with a strategy closer to the client according to M. Tracy, F. Virsema

We have formed a complex of competitive strategy of the company "Galya Baluvana", which meets the challenges of uncertainty caused by the COVID 19 pandemic and the war, which takes into account current trends in the development of the catering industry both in Ukraine and the world as a whole.

From the listed anti-crisis strategies in the previous section and the strategic profile of the company, we can identify and summarize certain strategies that can mitigate the consequences of the crisis in the economy of Ukraine and the whole world.

Using the proposed strategies and measures allows you to improve the activities of the enterprise and become flexible to adapt to the existing conditions of the external environment.

To implement the above recommendations, the company needs to make certain changes, namely to create an Internet marketing department for Poland and a warehouse in Poland or use a fulfillment center. Therefore, the emphasis should be placed on communication, so a separate marketing department for Poland is needed, which will implement most of the proposed innovations.

As a result, we can say that the proposed recommendations will cost the company:

- equipment purchase costs - 1,462,000 UAH for five years.
- payroll costs - 613,660 UAH per month.

That is, the monthly cost will increase by 613,660 UAH and should lead to an increase in the company's income and profit, the Ukrainian company will have access to a client base that can be used in the future to promote the company's products and services.

# CONCLUSIONS AND RECOMMENDATIONS

As a result of the research, we generalized the term "competitive strategy", which is a long-term complex that includes interrelated measures aimed at gaining competitive advantages, ensuring a favorable competitive position and the desired level of competitiveness

One of the important components of building a company's strategy is the implementation of a multi-level structure that is hierarchically organized to achieve specific goals. Achieving competitive advantage creates a clear advantage that allows enterprises to compete effectively and succeed in the continuous struggle for dominance in the food market. The requirements for a competitive strategy are determined, the types of competitive strategies are summarized, the criteria for determining the competitive advantages of an enterprise and the stages of developing a competitive strategy are summarized.

The essence of innovations is revealed, their types by the level of novelty and place in social exchange. The problems of implementing innovations and competitive strategies in conditions of uncertainty are considered.

The risks arising from the VUCA world from a business perspective are identified, and accordingly a model of behavior and leadership characteristics in the VUCA world is formed.

The trends in the development of the world economy and globalization are analyzed, which leads to an increase in the level of uncertainty and its presence in the present. The risks arising from the VUCA world from a business perspective have been identified, and accordingly a model of behavior and leadership characteristics in the VUCA world is formed.

In Ukraine, the food industry is considered an important component of the agro-industrial complex and has always been a priority for the country. This industry is strategically important, as it provides the population with basic food products, plays an important role in the development of agriculture and has a strong export potential due to its unique characteristics.

Analysis of the dynamics of food production shows that it is growing throughout the selected period, although there was a noticeable slowdown in 2020

Statistical analysis indicates the complex nature of the activities of enterprises that produce food, beverages and tobacco products, and a greater level of state regulation of these activities than for the industry as a whole for objective reasons.

When studying the Ukrainian market of semi-finished products, certain features of this particular industry were identified:

- a significant degree of competition between operators at a high level.

- products originating from Ukraine dominate the market due to their competitiveness when it comes to pricing, surpassing imported goods.

As a result of a thorough study of the market of semi-finished products in Ukraine, hypotheses were put forward regarding its further development until 2025.

The main market trends after the start of a full-scale invasion were identified. Changes that must occur to comply with the requirements of EU countries for food products were also identified. At the same time, the state supports the industry by reducing the tax burden and simplifying formalities. Adaptive strategies for the development of enterprises in conditions of uncertainty were identified and proposed.

An analysis of the activities of the organization "Galya Baluvana" showed its competitiveness. Today, the company is developing according to the franchising model and is focusing its expansion on foreign markets.

In just four years, Lutsk entrepreneur Volodymyr Matviychuk created one of the largest franchise business networks in Ukraine, approximately 700 stores. The assortment of stores in different countries is unchanged, but some dishes are adapted to the preferences of a certain culture. Creating a new frozen product takes about 1000 euros. The list includes more than 600 items.

An analysis of the competitiveness indicators of the company "Galya Baluvana" was conducted. It was determined that the strengths are the quality of products, a good image of the enterprise and products, which makes it possible to set higher than average prices, and financial stability. The optimal strategy in conditions of uncertainty and the VUCA world is to differentiate the product range, as well as to focus on the target segment of the average and average plus with a strategy closer to the client according to M. Tracy, F. Wiersema

We have formed a complex of competitive strategy for the company "Galya Baluvana", which meets the challenges of uncertainty caused by the COVID 19 pandemic and the war, which takes into account current trends in the development of the catering industry both in Ukraine and in the world as a whole.

Using the proposed strategies and measures allows you to improve the activities of the enterprise and become flexible to adapt to existing environmental conditions.

To implement the above recommendations, the company needs to make certain changes, namely to create an Internet marketing department for Poland and a warehouse in Poland or use a fulfillment center. Therefore, the emphasis should be placed on communication, so a separate marketing department for Poland is needed, which will implement most of the proposed innovations.

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